NEW APPLICATION

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Lawrence V. Robertson, Jr. (Bar No. 001709)
P. O. Box 1448
Tubac, Arizona 85646
Attorney for Las Quintas Serenas Water Co.

**BEFORE THE ARIZONA CORPORATION COMMISSION**

| | |
|---|---|
| IN THE MATTER OF THE APPLICATION OF LAS QUINTAS SERENAS WATER CO., AN ARIZONA CORPORATION, FOR (i) A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND (ii) AN INCREASE IN ITS WATER RATES AND CHARGES FOR WATER UTILITY SERVICE BASED THEREON. | DOCKET NO: W-01583A-09-____<br>**APPLICATION**<br>**W-01583A-09-0589** |

Las Quintas Serenas Water Co., an Arizona corporation ("LQSWC" or "the Company"), hereby applies for an order of the Commission (i) establishing the fair value of its plant and property used for the provision of water utility service; and, based on such finding, (ii) approving permanent rates and charges for water utility service designed to produce a fair return thereon. In support of its Application, LQSWC states as follows:

1. LQSWC is a public service corporation under Arizona law engaged in providing water and utility service within the municipal boundaries of the Town of Sahuarita, Arizona, pursuant to a certificate of convenience and necessity granted by the Commission. During the test year, LQSWC served approximately 867 water utility service connections, approximately 156 additional standpipe customers, and 4 fire sprinkler service customers.

2. LQSWC's business office is located at 75 W. Calle de las Tiendas, Suite 115B, Green Valley, Arizona 85614, and its telephone number is (520) 625-8040. The Company's primary management contact is Omar Mejia.

3. The following persons are responsible for overseeing and directing the conduct of this rate application: (i) Mr. Mejia; (ii) the Company's rate case consultant,

Thomas Bourassa; and, (iii) the Company's rate case attorney, Lawrence V. Robertson, Jr. Mr. Mejia's mailing address is P.O. Box 68, Sahuarita, Arizona 85629 and his telephone number is (520) 625-8040; his telecopier number is (520) 648-3520, and his e-mail address is lqswater@.com. Mr. Bourassa's mailing address is 139 W. Wood Drive, Phoenix, Arizona 85029, his telephone number is (602) 246-7150; his telecopier number is (602) 246-1040, and his e-mail address is tjb114@cox.net. Mr. Robertson's mailing address is P.O. Box 1448, Tubac, Arizona 85646, his telephone number is (520) 398-0411; his telecopier number is (520) 399-0412, and his email address is Tubaclawyer@aol.com. **All discovery, data requests and other requests for information concerning this Application should be directed to Mr. Mejia, including copies by e-mail, as well as to Mr. Bourassa and Mr. Robertson.**

4. The Company's present rates and charges for utility service were approved by the Commission in Decision No. 67455 (January 4, 2005) using a test year ending September 30, 2003.

5. The revenues from LQSWC's water utility operations are inadequate to provide the Company with a fair rate of return on the fair value of its plant and property devoted to water utility service, which includes significant increases in the Company's water utility plant during the past two (2) years. Operating expenses have also increased significantly since the last test year. These changes since the 2003 test year have caused the revenues produced by the current rates and charges for water utility service to become inadequate to meet operating expenses and provide a fair and reasonable rate of return on plant investment for the Company and its shareholders. Accordingly, the Company requests that certain adjustments to its rates and charges for water utility service be approved by the Commission so that the Company may fully recover its operating expenses and be given an opportunity to earn a fair and reasonable rate of return on the fair value of its property. The Company proposes to use its original cost rate base as its

fair value rate base in this proceeding in order to minimize potential disputes and to reduce rate case expense.

6. Filed concurrently with this Application are the supporting schedules required pursuant to A.A.C. R14-2-103 for rate applications by Class "C" utilities, with the exception of Schedule G. LQSWC has not prepared a cost of service study in connection with the instant request. The test year utilized by the Company in connection with the preparation of such schedules is the 12-month period that ended June 30, 2009. LQSWC requests that the Commission utilize such test year in connection with this Application, together with appropriate adjustments in order to obtain a normal or more realistic relationship between revenues, expenses and rate base during the period in which the rates and charges established in this proceeding will be in effect.

7. During the test year, the Company's adjusted gross revenues from water utility service were $488,268. The adjusted operating income was $47,550. The adjusted fair value rate base was $2,109,537. The resulting rate of return on the Company's water utility operations during the test year was 2.25 percent.

8. The Company submits that the overall rate of return to the Company is inadequate to allow it to pay reasonable dividends, maintain a sound credit rating, and/or enable LQSWC to attract additional capital on reasonable terms in order to continue the investment in utility plant necessary to adequately serve customers.

9. The Company is requesting an increase in water utility revenues equal to $203,528, or an increase in revenues of 41.68 percent. The adjustments to the Company's rates and charges that are proposed herein, when fully implemented, will produce a rate of return on the fair value rate base equal to 9.03 percent.

10. Also filed concurrently in two separate volumes in support of this Application and the accompanying supporting schedules is the Direct Testimony of Mr. Bourassa, which collectively provides an overview of the Company's rate filing. In the

first volume of his Direct Testimony, Mr. Bourassa discusses the subjects of rate base, income statement (revenue and operating expenses), required increase in revenue, rate design, and the proposed new rates and charges for water service. In that regard, he notes that the Company is proposing to eliminate the Arsenic Remediation Surcharge Mechanism ("ARSM") and related surcharge, which were approved by the Commission in Decision Nos. 68716 (June 1, 2006) and 69214 (December 21, 2006), respectively. Revenues related to debt service of the Company's loan from the Water Infrastructure Financing Authority of Arizona ("WIFA"),[1] which were the subject of the ARSM surcharge, would be received prospectively under the Company's proposed base rates as a part of its ongoing revenue requirement. In addition, the Company is also proposing elimination of the special Arsenic Impact Hook-Up Fee tariff, which was approved by the Commission in Decision No. 68863 (July 28, 2006) as a supplemental means for servicing the Company's WIFA loan obligation.

In the second volume of his Direct Testimony, Mr. Bourassa discusses the Company's cost of capital, assuming a capital structure for ratemaking purposes of 26.1 percent equity and 73.9 percent debt; and, he explains how he has calculated a required return on equity of 16 percent, and a weighted cost of capital of 9.03 percent.

11. Attached to this Application as Appendix 3 as supplemental information is a completed water use data sheet for the twelve (12) months ended June 30, 2009.

WHEREFORE, LQSWC requests the following relief:

A. That the Commission, upon proper notice and at the earliest possible time,[2]

[1] The WIFA loan proceeds were used by the Company to construct (i) arsenic treatment facilities which were required in order to enable the Company to comply with arsenic concentration regulations promulgated by the United States Environmental Protection Agency; and (ii) an additional storage reservoir and a back-up generator as a part of the Company's capital improvements program to allow the continued provision of adequate and reliable service to its customers. The Commission authorized the Company to incur this debt in Decision No. 68716 (June 1, 2006) and Decision No. 69380 (March 22, 2007), respectively.

[2] In that regard, it should be noted that because the Company's operating revenues under its current rates and charges are inadequate, earlier this year the Company had to request approval from WIFA to suspend payment of the principal portion of the Company's monthly WIFA loan obligation until the Company's revenues could be increased.

conduct a hearing in accordance with A.R.S. § 40-251 and determine the fair value of LQSWC's water utility plant and property devoted to providing water utility service;

B. Based upon such determination, that the Commission approve permanent adjustments to the current rates and charges for water utility service provided by LQSWC, as proposed by the Company herein, or approve such other rates and charges as will produce a just and reasonable rate of return on the fair value of the Company's water utility plant and property; and

C. That the Commission authorize such other and further relief as may be appropriate to ensure that LQSWC has an opportunity to earn a fair and reasonable rate of return on the fair value of its water utility plant and property and as may otherwise be required under Arizona law.

RESPECTFULLY SUBMITTED this 23rd day of December, 2009.

By: _____
Lawrence V. Robertson, Jr.
P. O. Box 1448
Tubac, Arizona 85646
Attorney for Las Quintas Serenas Water Co.

The original and thirteen (13) copies of the foregoing, together with the direct testimonies and schedules supporting this application, were delivered this 23rd day of December, 2009, to:

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007



Company's loan principal payments. The suspension period ends in July 2010.

# Las Quintas Serenas Water Company

**Application for a Determination of the Fair Value of Its Utility Plants and Property and for Increases in Its Water Rates and Charges**

**December 31, 2009**

# Application

# Attachment 1

**Plant Inventory and Water Use Data**

## WATER USE DATA SHEET FOR TESDT YEAR

| NAME OF COMPANY | Las Quintas Serenas Water Company |
|---|---|
| ADEQ Public Water System Numbe | 10064 |

| MONTH/YEAR | NUMBER OF CUSTOMERS | GALLONS SOLD (Thousands) | GALLONS PUMPED (Thousands) | GALLONS PURCHASED (Thousands) |
|---|---|---|---|---|
| Jul. 2008 | 1,025 | 18,450 | 20,095 | - |
| Aug. | 1,034 | 13,619 | 14,917 | - |
| Sep. | 1,032 | 13,566 | 14,490 | - |
| Oct. | 1,023 | 13,937 | 14,503 | - |
| Nov. | 1,026 | 14,173 | 15,013 | - |
| Dec. | 1,028 | 9,555 | 9,873 | - |
| Jan. 2009 | 1,027 | 8,637 | 9,578 | - |
| Feb. | 1,027 | 8,521 | 10,221 | - |
| Mar. | 1,034 | 10,131 | 9,985 | - |
| Apr. | 1,014 | 11,417 | 12,653 | - |
| May | 1,020 | 13,069 | 14,551 | - |
| Jun. | 1,023 | 19,155 | 20,252 | - |
| | | | | |
| Total | N/A | 154,233 | 166,131 | - |

**What is the level of arsenic for each well on your system? _____ mg/l**
Well #5 .0081
Well #6 .00115
Wells #7 .0096
Results taken from MAP analysis results 11/16/2007

**If system has fire hydrants, what is the fire flow requirement? _____ for ____ hrs. N/A**

**If system has chlorination treatment, does this treatment system chlorinate continuously?**

**( ) Yes (X) No**

**Is the Water Utility located in an Active Management Area ("AMA")?**

**(X) Yes ( ) No**

**Does the Company have a Gallons Per Capita Day ("GPCD") requirement?**

**(X) Yes ( ) No**

**If Yes, please provide the GPCD amount: 121**

| COMPANY NAME Las Quintas Serenas Water Company | |
|---|---|
| Name of System | ADEQ Public Water System Number (if applicable) 10064 |

# WATER COMPANY PLANT DESCRIPTION

## WELLS

| ADWR ID Number* | Pump Horsepower | Pump Yield (gpm) | Casing Depth (Feet) | Casing Diameter (Inches) | Meter Size (inches) | Year Drilled |
|---|---|---|---|---|---|---|
| #5 – 55608531 | 40 | 200 | 513-805 | 10" – 8" | 6" | 1976 |
| #6 – 55608530 | 75 | 450 | 837 | 12" | 6" | 1971 |
| #7 – 55566940 | 150 | 650-850 | 910 | 12" | 4" | 1998 |
| | | | | | | |
| | | | | | | |
| | | | | | | |

* *Arizona Department of Water Resources Identification Number*

## OTHER WATER SOURCES

| Name or Description | Capacity (gpm) | Gallons Purchased or Obtained (in thousands) |
|---|---|---|
| N/A | | |
| | | |

| BOOSTER PUMPS | | FIRE HYDRANTS | |
|---|---|---|---|
| Horsepower | Quantity | Quantity Standard | Quantity Other |
| 25 horse power | 4 | N/A | |
| | | | |
| | | | |
| | | | |

| STORAGE TANKS | | PRESSURE TANKS | |
|---|---|---|---|
| Capacity | Quantity | Capacity | Quantity |
| 30,000 Gallons | 1 | 3,000 Gallons | 1 |
| 60,000 Gallons | 1 | 5,000 Gallons | 5 |
| 500,000 gallons | 1 | | |

***Note: If you are filing for more than one system, please provide separate sheets for each system.***



See Accountant's Compilation Report

| COMPANY NAME Las Quintas Serenas Water Company | |
|---|---|
| Name of System | ADEQ Public Water System Number (if applicable) 10064 |

# WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

| Size (in inches) | Material | Length (in feet) |
|---|---|---|
| 2 | Copper | 250 |
| 3 | Transite | 240 |
| 4 | Transite | 19,840 |
| 5 | N/A | N/A |
| 6 | Transite | 32,487 |
| 8 | Transite | 2,760 |
| 10 | Transite | 420 |
| 12 | Transite | 1,340 |
| 2 | Plastic | 1,550 |
| 4 | Plastic | 5,109 |
| 6 | Plastic | 25,158 |
| 8 | Plastic | 10,610 |
| 12 | Plastic | 1,950 |
| 6 | Ductile Iron | 575 |

CUSTOMER METERS

| Size (in inches) | Quantity |
|---|---|
| 5/8 X ¾ | 810 |
| 3/4 | 6 |
| 1 | 29 |
| 1 1/2 | 6 |
| 2 | 3 |
| Comp. 3 | 1 |
| Turbo 3 | 0 |
| Comp. 4 | 2 |
| Tubo 4 | 0 |
| Comp. 6 | 0 |
| Tubo 6 | 0 |
| | |
| Standpipe | 156 |
| | |

**For the following three items, list the utility owned assets in each category for each system.**

TREATMENT EQUIPMENT:

Arsenic treatment facility including 2 media tanks, 1 backwash tank, 4 -25 h.p. booster pumps, and 2 chlorinator pumps.

STRUCTURES:

Steel portable shed 8' x 20' at Well #5 & Steel portable shed 8' x 40' at Well # 6.

OTHER:

***Note: If you are filing for more than one system, please provide separate sheets for each system.***

# Las Quintas Serenas Water Company

**Application for a Determination of the Fair Value of Its Utility Plants and Property and for Increases in Its Water Rates and Charges**

**December 31, 2009**

# Application
# Volume I

**Rate Base, Income Statement and Rate Design Testimony and Schedules**

**BEFORE THE ARIZONA CORPORATION COMMISSION**

| | |
|---|---|
| IN THE MATTER OF THE APPLICATION OF LAS QUINTAS SERENAS WATER CO., AN ARIZONA CORPORATION, FOR (i) A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND (ii) AN INCREASE IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON. | DOCKET NO: W-01583A -09-_____ |

# DIRECT TESTIMONY OF

# THOMAS J. BOURASSA

## (RATE BASE, INCOME STATEMENT AND RATE DESIGN)

**December 31, 2009**

## I. INTRODUCTION, QUALIFICATIONS AND PURPOSE

**Q1. PLEASE STATE YOUR NAME AND ADDRESS.**

A1. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive, Phoenix, Arizona 85029.

**Q2. WHAT IS YOUR PROFESSION AND BACKGROUND?**

A2. I am a Certified Public Accountant and am self-employed, providing consulting services to utility companies as well as general accounting services. I have a B.S. in Chemistry and Accounting from Northern Arizona University (1980) and an M.B.A. with an emphasis in Finance from the University of Phoenix (1991).

**Q3. COULD YOU BRIEFLY SUMMARIZE YOUR PRIOR WORK AND REGULATORY EXPERIENCE?**

A3. Yes. Prior to becoming a private consultant, I was employed by High-Tech Institute, Inc., and served as controller and chief financial officer. Prior to working for High-Tech Institute, I worked as a division controller for the Apollo Group, Inc. Before joining the Apollo Group, I was employed at Kozoman & Kermode, CPAs. In that position, I prepared compilations and other write-up work for water and wastewater utilities, as well as tax returns.

In my private practice, I have prepared and/or assisted in the preparation of several water and wastewater utility rate applications before the Arizona Corporation Commission ("Commission"). Attached is a summary of my regulatory work experience.

**Q4. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

A4. I am testifying in this proceeding on behalf of the applicant, Las Quintas Serenas Water Company ("LQSWC" or the "Company"). LQSWC is seeking changes in its rates and charges for water utility service in its certificated service area, which area is located in Pima County, Arizona.

**Q5. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

A5. I will testify in support of LQSWC's proposed adjustments to its rates and charges for water utility service. I am sponsoring the direct schedules, which are filed concurrently herewith in support of LQSWC's application. I was responsible for the preparation of these schedules based on my investigation and review of LQSWC's relevant books and records.

For convenience, my direct testimony has been divided into two separate volumes, each with the relevant schedules attached, which are being filed separately in this case. In this volume of my direct testimony, I address the subjects of rate base, income statement (revenue and operating expenses), required increase in revenue, rate design and proposed rates and charges for water service. In that regard, Schedules A through C, E-F and H are attached to this portion of my direct testimony. LQSWC has not prepared a cost of service study. Consequently the G schedules are omitted.

In the second volume of my direct testimony, to which the D schedules are attached, I address cost of capital. LQSWC is requesting a return on common equity of 16.0 percent. As shown on Schedule D-1, LQSWC's capital structure for ratemaking purposes consists of 26.1 percent equity and 73.9 percent debt. The weighted cost of capital is 9.03 percent.

## II. <u>OVERVIEW OF LQSWC'S REQUEST FOR RATE RELIEF</u>

**Q6. PLEASE SUMMARIZE LQSWC'S APPLICATION.**

A6. The test year used by LQSWC is the 12-month period ending June 30, 2009. LQSWC is requesting a 9.03 percent return on its fair value rate base ("FVRB"). LQSWC has also proposed certain pro forma adjustments to take into account known and measurable changes to rate base, expenses and revenues. These pro forma adjustments are consistent with normal ratemaking and are contemplated by

the Commission's rules and regulations governing rate applications. *See* R14-2-103. These adjustments are necessary to obtain a normal or realistic relationship between revenues, expenses and rate base on a going-forward basis.

LQSWC's proposed fair value rate base is $2,109,537. The increase in revenues to provide for recovery of operating expenses and a 9.03 percent return on rate base is approximately $203,529, an increase of approximately 41.68 percent over the adjusted and annualized test year revenues.

**Q7. WHY IS LQSWC FILING FOR NEW RATES AT THIS TIME?**

A7. LQSWC is not earning a fair return on the fair value of its water plant devoted to service. Operating expenses have increased since the last test year, which was based on the 12 months ended September 30, 2003. For example, the Company's proposed purchased power in the instant case is nearly $44,000 higher than the level included in operating expenses in the last rate case. The Company proposed salaries and wages in the instant case is over $41,000 higher than the level included in operating expenses in the last rate case. In the past year, LQSWC has made substantial investment in plant (over $2.1 million) necessary to serve water customers. The plant investment consists of primarily of arsenic water treatment facilities in order to meet federally mandated arsenic level limits and water storage facilities necessary to provide adequate water storage for its water system. The Company's proposed depreciation expenses is nearly $70,000 greater in the instant case compared to the last rate case. In the end, LQSWC's current rate of return, based on the adjusted test year data, is 2.25 percent.

**Q8. WHEN WERE LQSWC'S CURRENT RATE APPSOVED?**

A8. The Company's current water rates were approved in 2005 in Decision 67455 (January 4, 2005). In Decision 67455, The Commission recognized that the Company's arsenic levels were well above the new U.S. Environmental Protection

Agency ("EPA") limits for arsenic which were to be effective January 23, 2006.[1] Recognizing this issue, the Commission ordered the Company to submit a detailed arsenic removal plan.[2]

**Q9. DID THE COMPANY SUBSEQUENTLY FILE AN APPLICATION FOR FINANCING OF WATER SYSTEM IMPROVEMENTS RELATED TO ARSENIC TREATMENT?**

A9. Yes. In November 2006, the Company filed a financing application for authorization to incur long-term debt for water system improvements in order to assure compliance with the new arsenic rules. The Company also requested the approval of an Arsenic Cost Recovery Mechanism ("ACRM") to help the Company meet the debt service requirements for its requested debt financing. Included in the Company's projected costs for water system improvements were storage facilities and a back-up generator. However, the Commission excluded the related costs for storage and back-up generator in Decision 68716 (June 1, 2006) when it approved the Company's financing request, because those facilities were considered to be separate and distinct from the arsenic treatment facilities.[3] The Commission believed that it was important to maintain this distinction, inasmuch as it had re-opened the 2003 rate case for the limited purpose of further addressing the arsenic issue. The mechanism for the arsenic cost recovery surcharge was also approved in the decision[4]. The specific amount of the surcharge was approved in Decision 69214 (December 21, 2006).

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[1] *See* Decision 67455 at 11 and 16.

[2] *Id.* at 15.

[3] *See* Decision 68716 at 16.

[4] *Id.* at 15.

**Q10. WHEN WAS THE COMPANY GRANTED AUTHORIZATION TO INCUR LONG TERM DEBT FOR THE STORAGE FACILITIES AND BACK-UP GENERATOR?**

A10. In Decision 69380 (March 22, 2007).[5]

**Q11. DOES THE COMPANY'S CURRENT REQUEST FOR RATE RELEIF CONTEMPATE THAT THE ARSENIC COST RECOVERY SURCHARGE BE ELIMINATED UPON IMPELENTATION OF NEW RATES?**

A11. Yes. The Company proposes to eliminate the surcharge in the instant case. The arsenic treatment facilities are now recognized in the Company's proposed rate base and the related debt is reflected in the Company's proposed cost of capital. As a result, the Company proposed revenue requirement (and water rates) reflect the arsenic treatment debt service costs.

**Q12. HAS THE COMPANY EXPERIENCED DIFFICULTIES IN MEETING ITS DEBT SERIVCE IN THE PAST YEAR?**

A12. Yes. In fact, earlier this year the Company contacted the Water Infrastructure Financing Authority of Arizona ("WIFA") to request that its principal payments be suspended for the loans financing the arsenic water facilities, storage facilities and back-up generator because of cash flow problems. As a result of that request, the principal payments have been suspended until July 2010.

## III. SUMMARY OF SCHEDULES

### A. Summary of A, E and F Schedules.

**Q13. MR. BOURASSA, LET'S TURN TO LQSWC'S SCHEDULES. PLEASE DESCRIBE THE SCHEDULES LABELED AS A, E, AND F.**

[5] *See* Decision 69380 at 6 and 10.

A13. The A-1 Schedule is a summary of the rate base, operating income, current operating margin, required operating margin, operating income deficiency, and the increase in gross revenues. A 9.03 percent return on FVRB is requested. The increase in the revenue requirement is $205,962. Revenues at present and proposed and customer classifications are also shown on this schedule.

The A-2 Schedule is a summary of results of operations for the test year, prior years, and a projected year at present rates and proposed rates.

Schedule A-3 contains LQSWC's capital structure for the test year and the two prior years.

Schedule A-4 contains plant construction, and plant-in-service for the test year and prior years. The projected plant additions are also shown on this schedule.

Schedule A-5 is the summary of LQSWC's changes in financial position (cash flow) for the prior two years, the test year at present rates, and a projected year at present and proposed rates.

The E Schedules are based on LQSWC's actual operating results, as reported by LQSWC in annual reports filed with the Commission. The E-1 Schedule contains the comparative balance sheet data for the years 2007, 2008, and 2009 ending on June 30.

Schedule E-2, page 1, contains the income statement for the years 2007, 2008, and 2009 ending on June 30.

Schedule E-3 contains the statements of changes in LQSWC's financial position for the test year and the two prior years.

Schedule E-4 provides the changes in stockholder equity.

Schedule E-5 contains LQSWC's plant-in-service at the end of the test year, and one year prior to the end of the test year.

Schedule E-7 contains operating statistics for the years ended 2007, 2008, and 2009 ending on June 30.

Schedule E-8 contains the taxes charged to operations.

The accountant's notes to the financial statements and the financial assumptions used in preparing the rate filing schedules are shown on Schedules E-9 and F-4, respectively, in accordance with the Commission's standard filing requirements. LQSWC does not prepare audited financial statements.

Schedule F-1 contains the results of operations at the present rates (actual and adjusted), and at proposed rates.

Schedule F-2 contains the summary of changes in financial position (cash flow) for the prior two years, the test year at present rates, and a projected year at present and proposed rates.

Schedule F-3 shows LQSWC's projected construction requirements for 2010, 2011, and 2012.

Schedule F-4 contains the assumptions used in developing the adjustments and projections contained in the rate filing.

**B. <u>Rate Base (B Schedules).</u>**

**Q14. WOULD YOU EXPLAIN THE RATE BASE SCHEDULES, WHICH ARE LABELED AS THE B SCHEDULES?**

A14. Yes. I will start with Schedule B-5, which is the working capital allowance. I used the "formula method" of computing the working capital allowance to reduce costs. However, LQSWC is not requesting a working capital allowance.

**Q15. WHY DIDN'T LQSWC PREPARE A LEAD-LAG STUDY AND USE THE RESULTS OF THAT STUDY TO COMPUTE WORKING CAPITAL?**

A15. Because the costs to prepare a lead-lag study outweigh the benefits. By way of illustration, in a recent case for Chaparral City Water Company (W-02113A-07-

0551), the Residential Utility Consumer Office prepared a lead-lag study and computed a negative $111,000 of cash working capital. LQSWC is one-twentieth the size in terms of the level of expenses. So, let's assume for argument's sake that a lead-lag study would produce negative working capital of $5,500. If the negative $5,500 were included in rate base, the impact on the revenue requirement would be a negative $787 (-$5,500 times 8.79 percent return times the tax factor of 1.6286). In the meantime, LQSWC would have incurred $5,000 to $10,000 just to have the study prepared. Plus, depending on what components of expenses are included in the calculation working capital, working capital could easily be positive, not negative. In the meantime, LQSWC could incur more than $10,000 in additional expense defending its working capital calculation, which increases rate case expense. This is why I believe the costs far outweigh the benefits, and why I have recommended and LQSWC has accepted seeking no working capital allowance.

**Q16. THANK YOU. PLEASE CONTINUE.**

A16. LQSWC did not file Schedules B-3 and B-4. To limit issues in dispute and further reduce rate case expense, LQSWC is requesting that its original cost rate base ("OCRB") be used as its FVRB.

**Q17. HAVE YOU PREPARED SCHEDULES SHOWING ADJUSTMENTS TO LQSWC'S ORIGINAL COST RATE BASE?**

A17. Yes. Schedule B-2 shows adjustments to the OCRB cost rate base proposed by LQSWC. Schedule B-2, pages 2 through 5, provides the supporting information. These adjustments are, in summary:

B-2 adjustment number 1, as shown on Schedule B-2, page 2, adjusts plant-in-service. There are two plant-in-service adjustments included in Adjustment 1. These are shown on Schedule B-2, page 3, and are labeled as adjustment "A" and "B".

Adjustment A of B-2 adjustment number 1 increases plant-in-service for test year capitalized expenses. These costs are related to the repair and replacement of pumping equipment.

Adjustment B of B-2 adjustment number 1 nets to zero and is merely a reclassification of plant.

**Q18. PLEASE CONTINUE.**

A18. Adjustment 2 shown on Schedule B-2, page 2, adjusts accumulated depreciation. The details of the accumulated depreciation adjustment are shown on Schedule B-2, page 4. There are two adjustments shown on this schedule and they are labeled as adjustment "A" and "B".

Adjustment A of B-2 adjustment 2 reflects the accumulated depreciation related to capitalized test year expenses.

Adjustment B of B-2 adjustment 2 reflects the re-computed amounts per LQSWC's B-2 plant schedule.

**Q19. DO THE PLANT AND ACCUMULATED DEPRECIATION SHOWN ON B-2 REFLECT THE LAST COMMISSION RATE ORDER?**

A19. Yes. A reconciliation of the starting balances for plant-in-service in the instant case is shown on Schedule B-2, page 3.8.

For accumulated depreciation, a reconciliation of the starting balances for accumulated depreciation in the instant case is shown on Schedule B-2, page 3.9.

The plant shown on Schedule B-2 started with the plant-in-service balances approved in Decision No. 67455 which established the starting values of plant-in-service. Plant additions and retirements have been added to and deducted from total plant shown on Schedule B-2, pages 3.1 to 3.6. Page 3.1 to 3.7of the schedule also show the details for the accumulated depreciation through the end of the test year using the half-year convention for depreciation.

**Q20. WHAT DEPRECIATION RATES DID YOU EMPLOY?**

A20. The same rates used in the last rate case decision.[6] These are based on Staff's typical and customary depreciation rates.

**Q21. THANK YOU. PLEASE CONTINUE.**

A21. B-2 adjustment number 3, labeled as 3a and 3b, adjusts contributions in aid of construction ("CIAC") and amortization for CIAC recorded since the since the prior rate case. The detail of LQSWC's proposed CIAC adjustments can be found on Schedule B-2, page 5 and 5.1 to 5.3.

**Q22. HOW WAS THE PROPOSED "FAIR VALUE" RATE BASE SHOWN ON A-1 DETERMINED?**

A22. As stated, the FVRB shown on Schedule A-1 is based on OCRB, with no adjustment for the current values of LQSWC's plant and property.

**C. <u>Income Statement (C Schedules).</u>**

**Q23. PLEASE EXPLAIN THE ADJUSTMENTS YOU ARE PROPOSING TO THE INCOME STATEMENT AS SHOWN ON SCHEDULES C-1 AND C-2.**

A23. The following is a summary of adjustments shown on Schedule C-1:

Adjustment 1 annualizes depreciation expense. The proposed depreciation rate for each component of utility plant is shown on Schedule C-2, page 2. The depreciation rates approved in LQSWC's last rate case were account specific rates. LQSWC proposes to continue to use these rates.

Adjustment 2 increases the property taxes based on proposed revenues. LQSWC has recognized the reduction in the assessment ratio contained in A.R.S. § 42-15001, entitled "Assessed Valuation of Class One Property". By law, the assessment ratio will be reduced through tax year 2011 to 20 percent. LQSWC has

[6] *See* Decision 67455 at 11.

proposed a two-year reduction in the assessment ratio or a reduction from the 22 percent employed for the 2009 property tax year to 20 percent for 2011 property tax year.

**Q24. *HOW DID YOU COMPUTE THE PROPERTY TAXES AT PROPOSED RATES?***

A24. To determine full cash value, I used the method employed by the Arizona Department of Revenue - Centrally Valued Properties ("ADOR" or "the Department"). This method determines full cash value by using twice the average of three years of revenue, plus an addition for CWIP and a deduction for the book value of transportation equipment. In the instant case, I used two times the adjusted revenues for the year ending June 30, 2009, and one year of revenues at proposed rates. The assessed value (20 percent of full cash value) was then multiplied by the property tax rate to determine adjusted property tax expense.

**Q25. IS THIS CONSISTENT WITH PRIOR COMMISSION DECISIONS?**

A25. Yes. See *Chaparral City Water Company*, Decision No. 68176 (September 30, 2005) at 13, *Rio Rico Utilities Inc.*, Decision No. 67279 (October 5, 2004), *Bella Vista Water Co., Inc.*, Decision No. 65350 (November 2, 2001).

**Q26. IS THIS SYNCHRONIZATION OF PROPERTY TAX EXPENSE WITH REVENUES PROPER RATE MAKING?**

A26. Yes. Like income taxes, property taxes must be adjusted to ensure that the new rates are sufficient to produce the revenue requirement. For this reason, the Commission has repeatedly approved the use of proposed revenues to determine an appropriate level of property tax expense to be recovered through rates.

**Q27. PLEASE CONTINUE WITH YOUR DESCRIPTION OF THE INCOME STATEMENT ADJUSTMENTS.**

A27. Adjustment 3 shows estimated rate case expense of $80,000 amortized over 3 years, or $26,667 annually.

**Q28. HOW DID YOU ARRIVE AT THESE AMOUNTS?**

A28. I estimated $80,000 for a LQSWC rate case based on my experience with rate cases before the Commission, and that of LQSWC's rate case counsel.

**Q29. PLEASE EXPLAIN WHY YOU REFER TO THESE AMOUNTS AS "ESTIMATES"?**

A29. Because I can't see the future, I can only make some guesses based on my experience. The specifics of who may intervene, what unique issues may come into dispute, what kind of procedural problems we will encounter, and what else will occur during the proceeding, I cannot predict. I know rate cases are lengthy and expensive, but I still have to start with an estimate. If things turn out more complicated than anticipated, LQSWC will modify its request to account for that increased expense. Conversely, if the case proceeds and rate case expense is lower than expected, we would make an appropriate adjustment downward.

**Q30. WHAT AMORTIZATION PERIOD ARE YOU RECOMMENDING?**

A30. LQSWC proposes that rate case expense be recovered over three years because it believes a three-year cycle for future rate cases is reasonable given this utility's circumstances. The current rates for LQSWC were established approximately 5 years ago and LQSWC intends to file cases on a regular basis moving forward.

**Q31. PLEASE CONTINUE WITH YOUR DISCUSSION OF THE INCOME STATEMENT ADJUSTMENTS?**

A31. Adjustment 4 annualizes revenues to the year-end number of customers. The annualization of revenues is based on the number of customers at the end of the test year, compared to the actual number of customers during each month of the test year. Average revenues by month were computed for the test year. The average

revenues were then multiplied by the increase (or decrease) in number of customers for each month of the test year.

Adjustment 5 annualizes purchased power expense based on the additional gallons sold from annualizing revenues to the year-end number of customers in Adjustment 4, above. This adjustment is intended to match the additional expense associated with the revenue annualization.

Adjustment 6 annualizes chemicals expense based on the additional gallons sold from annualizing revenues to the year-end number of customers in Adjustment 4, above. This adjustment is intended to match the additional expense associated with the revenue annualization.

Adjustment 7 removes test year capitalized repair and maintenance costs from materials and supplies.

Adjustment 8, labeled as 8a, 8b, and 8c, removes negative expense amounts.

Adjustment number 9, labeled as 9a and 9b, removes other non-utility income and expense to eliminate their impact on income taxes.

Adjustment 10 synchronizes interest expense with rate base.

Adjustment 11 reflects income taxes on taxable income based on the tax rate under proposed revenues.

**D. <u>Rate Design (H Schedules).</u>**

**Q32. WHAT ARE LQSWC'S PRESENT RATES FOR WATER SERVICE?**

A32. LQSWC's present rates are:

MONTHLY SERVICE CHARGES

| | |
|---|---|
| 5/8" x 3/4" meters | $10.00 |
| 3/4" Meters | $22.40 |
| 1" Meters | $25.00 |
| 1 1/2" Meters | $55.00 |

| | | | |
|---|---|---|---|
| 2" Meters | | $70.00 |
| 3" Meter | | $125.00 |
| 4" Meters | | $225.00 |
| 6" Meter | | $350.00 |
| Standpipe | | $10.10 |
| COMMODITY RATES | | |
| 5/8" x 3/4" meters | 0 to 4,000 gals | $ 0.95 |
| | 4,001 to 23,000 gals | $ 1.15 |
| | Over 23,000 gals | $ 1.35 |
| 3/4" meters | 0 to 4,000 gals | $ 0.95 |
| | 4,001 to 23,000 gals | $ 1.15 |
| | Over 23,000 gals | $ 1.35 |
| 1" meters | 0 to 40,000 gals | $ 1.15 |
| | Over 40,000 gals | $ 1.35 |
| 1-1/2" meters | 0 to 100,000 gals | $ 1.15 |
| | Over 100,000 gals | $ 1.35 |
| 2" meters | 0 to 150,000 gals | $ 1.15 |
| | Over 150,000 gals | $ 1.35 |
| 4" meters | 0 to 400,000 gals | $ 1.15 |
| | Over 400,000 gals | $ 1.35 |
| 6" meters | 0 to 400,000 gals | $ 1.15 |
| | Over 400,000 gals | $ 1.35 |
| Standpipe | 0 to 4,000 gals | $ 0.95 |
| | 4,001 to 23,000 gals | $ 1.15 |
| | Over 23,000 gals | $ 1.35 |

**Arsenic Surcharge**

| | |
|---|---|
| 5/8" x 3/4" meters | $11.37 |
| 3/4" Meters | $17.05 |
| 1" Meters | $28.42 |
| 1 1/2" Meters | $56.84 |
| 2" Meters | $90.94 |
| 3" Meter | $170.52 |
| 4" Meters | $284.20 |
| 6" Meter | $568.40 |
| Standpipe | $11.37 |

**Q33. WHAT ARE LQSWC'S PROPOSED RATES FOR WATER SERVICE?**

A33. LQSWC's proposed rates are:

MONTHLY SERVICE CHARGES

| | |
|---|---|
| 5/8" x 3/4" meters | $20.00 |
| 3/4" Meters | $30.00 |
| 1" Meters | $50.00 |
| 1 1/2" Meters | $100.00 |
| 2" Meters | $160.00 |
| 3" Meters | $320.00 |
| 4" Meters | $500.00 |
| 6" Meters | $1,000.00 |
| Standpipe | $20.20 |

COMMODITY RATES

| | | |
|---|---|---|
| 5/8" X ¾" Meters | 1 to 4,000 gals | $ 1.90 |
| | 4,001 to 10,000 gals | $ 2.40 |

| | | | |
|---|---|---|---|
| | | Over 10,000 gals | $ 3.00 |
| ¾" Meters | | 1 to 4000 gals | $ 1.90 |
| | | 4,001 to 10,000 gals | $ 2.40 |
| | | Over 10,000 gals | $ 3.00 |
| 1" Meters | | 1 to 25,000 gals | $ 2.40 |
| | | Over 25,000 gals | $ 3.00 |
| 1 ½" Meters | | 1 to 50,000 | $ 2.40 |
| | | Over 50,000 | $ 3.00 |
| 2" Meters | | 1 to 80,000 | $ 2.40 |
| | | Over 80,000 | $ 3.00 |
| 3" Meters | | 1 to 160,000 | $ 2.40 |
| | | Over 160,000 | $ 3.00 |
| 4" Meters | | 1 to 250,000 | $ 2.40 |
| | | Over 250,000 | $ 3.00 |
| 6" Meters | | 1 to 500,000 | $ 2.40 |
| | | Over 500,000 | $ 3.00 |
| Standpipe | | 0 to 4,000 gals | $ 1.90 |
| | | 4,001 to 23,000 gals | $ 2.40 |
| | | Over 23,000 gals | $ 3.00 |
| **Arsenic Surcharge** | | **Eliminated** | |

**Q34. WHAT METER SIZE ARE THE MAJORITY OF CUSTOMERS ON AND WHAT WAS THE AVERAGE MONTHLY BILL DURING THE TEST YEAR ?**

A34. The largest customer class is the 5/8 inch residential class. As shown on Schedule H-2, page 1, the average monthly bill under present rates for a 5/8 inch residential customer using an average 10,768 gallons is $32.95.

**Q35. WHAT WILL BE THE AVERAGE 5/8 INCH CUSTOMER AVERAGE MONTHLY BILL UNDER THE NEW RATES?**

A35. As shown on Schedule H-2, page 2, the average monthly bill under proposed rates for a 5/8 inch customer using an average 10.768 gallons is $44.30 – a $11.35 increase over the present monthly bill or a 34.44 percent increase.

**Q36. IS LQSWC'S RATE DESIGN A CONSERVATION ORIENTED RATE DESIGN?**

A36. Yes. Inverted tier rate designs are conservation oriented. The smaller meters (5/8" and 3/4") are on an inverted three-tier rate design and all other meter sizes and classes are on an inverted two-tier design.

**Q37. IS LQSWC PROPOSING TO ELIMINATE THE ARSENIC COST RECOVERY SURCHARGE?**

A37. Yes. For the reasons discussed earlier in my testimony, the Company proposes to eliminate the arsenic cost recovery surcharge.[7]

**Q38. IS LQSWC PROPOSING A CHANGE IN THE OFF-SITE FACILITIES HOOK-UP FEE (HUF)?**

A38. Yes. The Company current off-site facilities hook-up fee is $250. The company proposes offsite hook-up fees by meter size as shown on Schedule H-3, page 5.

**Q39. IS LQSWC PROPOSING TO ELIMINATE ITS ARSENIC IMPACT HOOK-UP FEE?**

[7] The monthly arsenic cost recovery surcharge for a 5/8 inch metered customer is $11.37.

A39. Yes. The Company currently has an arsenic impact hook-up fee which it proposes to eliminate. The Company proposes an off-site facilities hook-up fee in its place.

**Q40. IS LQSWC PROPOSING ANY CHANGES TO ITS METER AND SERVICE LINE INSTALLATION CHARGES?**

A40. Yes. As shown on Schedule H-3, page 4, LQSWC is proposing meter and service line installation charges be based on typical costs as set forth in Staff Engineering memo dated February 21, 2008.

**Q41. IS LQSWC PROPOSING ANY CHANGES TO MISCELLANEOUS SERVICE CHARGES?**

A41. No.

**Q42. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?**

A42. Yes.

TABLE OF CONTENTS

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Schedule A-1
Page 1
Witness: Bourassa

| Line No. | | | |
|---|---|---|---|
| 1 | Fair Value Rate Base | $ | 2,109,537 |
| 2 | | | |
| 3 | Adjusted Operating Income | | 47,550 |
| 4 | | | |
| 5 | Current Rate of Return | | 2.25% |
| 6 | | | |
| 7 | *Required Operating Income* | $ | 190,491 |
| 8 | | | |
| 9 | Required Rate of Return on Fair Value Rate Base | | 9.03% |
| 10 | | | |
| 11 | Operating Income Deficiency | $ | 142,942 |
| 12 | | | |
| 13 | Gross Revenue Conversion Factor | | 1.4239 |
| 14 | | | |
| 15 | Increase in Gross Revenue Revenue Requirement | | 203,528 |
| 16 | | | |
| 17 | Adjusted Test Year Revenues | $ | 488,270 |
| 18 | Increase in Gross Revenue Revenue Requirement | $ | 203,528 |
| 19 | Proposed Revenue Requirement | $ | 691,799 |
| 20 | % Increase | | 41.68% |
| 21 | | | |

| 22 | **Customer** | | **Present** | | **Proposed** | | **Dollar** | **Percent** |
|---|---|---|---|---|---|---|---|---|
| 23 | **Classification** | | **Rates** | | **Rates** | | **Increase** | **Increase** |
| 24 | 5/8 Inch | $ | 327,234 | $ | 455,388 | $ | 128,153 | 39.16% |
| 25 | 3/4 Inch | | 4,095 | | 4,988 | | 892 | 21.79% |
| 26 | 1 Inch | | 24,612 | | 31,177 | | 6,565 | 26.67% |
| 27 | 1.5 Inch | | 14,756 | | 20,436 | | 5,680 | 38.49% |
| 28 | 2 Inch | | 17,044 | | 28,437 | | 11,393 | 66.84% |
| 29 | 4 Inch | | 19,237 | | 30,888 | | 11,651 | 60.56% |
| 30 | Subtotal | $ | 406,979 | $ | 571,313 | $ | 164,334 | 40.38% |
| 31 | | | | | | | | 0.00% |
| 32 | | | | | | | | 0.00% |
| 33 | Standpipe | $ | 67,100 | $ | 97,165 | $ | 30,065 | 44.81% |
| 34 | Fire Sprinkler | | 480 | | 480 | | - | 0.00% |
| 35 | Subtotal | $ | 67,580 | $ | 97,645 | $ | 30,065 | 44.49% |
| 36 | | | | | | | | |
| 37 | **Subtotal Revenues before Annualization** | $ | 474,558 | $ | 668,958 | $ | 194,400 | 40.96% |
| 38 | | | | | | | | |
| 39 | Revenue Annualization | | 6,999 | | 15,804 | | 8,806 | 125.82% |
| 40 | Miscellaneous Revenues | | 6,778 | | 6,778 | | - | 0.00% |
| 41 | Reconciling Amount H-1 to C-1 | | (65) | | 257 | | 322 | -495.38% |
| 42 | **Total of Water Revenues** | $ | 488,270 | $ | 691,797 | $ | 203,528 | 41.68% |
| 43 | | | | | | | | |

| | | |
|---|---|---|
| 44 | | |
| 45 | SUPPORTING SCHEDULES: | |
| 46 | B-1 | |
| 47 | C-1 | |
| 48 | C-3 | |
| 49 | H-1 | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Summary of Results of Operations

Exhibit
Schedule A-2
Page 1
Witness: Bourassa

| Line No. | Description | Prior Years Ended 6/30/2007 | Prior Years Ended 6/30/2008 | Test Year Actual 6/30/2009 | Test Year Adjusted 6/30/2009 | Projected Year Present Rates 6/30/2010 | Projected Year Proposed Rates 6/30/2010 |
|---|---|---|---|---|---|---|---|
| 1 | Gross Revenues | $ 470,899 | $ 499,592 | $ 481,272 | $ 488,270 | $ 488,270 | $ 691,799 |
| 2 | | | | | | | |
| 3 | Revenue Deductions and | 295,569 | 347,281 | 373,406 | 440,721 | 440,721 | 501,308 |
| 4 | Operating Expenses | | | | | | |
| 5 | | | | | | | |
| 6 | Operating Income | $ 175,330 | $ 152,311 | $ 107,866 | $ 47,550 | $ 47,550 | $ 190,491 |
| 7 | | | | | | | |
| 8 | Other Income and | 6,726 | 14,854 | 46,732 | - | - | - |
| 9 | Deductions | | | | | | |
| 10 | | | | | | | |
| 11 | Interest Expense | - | (7,350) | (67,699) | (103,237) | (103,237) | (103,237) |
| 12 | | | | | | | |
| 13 | Net Income | $ 182,056 | $ 159,815 | $ 86,899 | $ (55,687) | $ (55,687) | $ 87,254 |
| 14 | | | | | | | |
| 15 | Common Shares | 255 | 255 | 255 | 255 | 255 | 255 |
| 16 | | | | | | | |
| 17 | Earned Per Average | | | | | | |
| 18 | Common Share | 713.95 | 626.72 | 340.78 | (218.38) | (218.38) | 342.17 |
| 19 | | | | | | | |
| 20 | Dividends Per | | | | | | |
| 21 | Common Share | - | - | - | - | - | - |
| 22 | | | | | | | |
| 23 | Payout Ratio | - | - | - | - | - | - |
| 24 | | | | | | | |
| 25 | Return on Average | | | | | | |
| 26 | Invested Capital | 17.21% | 11.06% | 3.65% | -3.12% | -3.21% | 5.04% |
| 27 | | | | | | | |
| 28 | Return on Year End | | | | | | |
| 29 | Capital | 16.01% | 9.12% | 2.89% | -3.12% | -3.31% | 5.19% |
| 30 | | | | | | | |
| 31 | Return on Average | | | | | | |
| 32 | Common Equity | 50.69% | 27.26% | 11.96% | -8.49% | -8.47% | 9.22% |
| 33 | | | | | | | |
| 34 | Return on Year End | | | | | | |
| 35 | Common Equity | 37.26% | 23.36% | 11.29% | -8.86% | -10.21% | 7.76% |
| 36 | | | | | | | |
| 37 | Times Bond Interest Earned | | | | | | |
| 38 | Before Income Taxes | - | 27.01 | 2.10 | 0.23 | 0.23 | 2.20 |
| 39 | | | | | | | |
| 40 | Times Total Interest and | | | | | | |
| 41 | Preferred Dividends Earned | | | | | | |
| 42 | After Income Taxes | - | 22.74 | 2.28 | 1.48 | 1.48 | 1.85 |
| 43 | | | | | | | |
| 44 | | | | | | | |
| 45 | SUPPORTING SCHEDULES | | | | | | |
| 46 | C-1 | | | | | | |
| 47 | E-2 | | | | | | |
| 48 | F-1 | | | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Summary of Capital Structure

Exhibit
Schedule A-3
Page 1
Witness: Bourassa

| Line No. | Description: | Prior Years Ended 6/30/2007 | Prior Years Ended 6/30/2008 | Test Year 6/30/2009 | Projected Year 6/30/2010 |
|---|---|---|---|---|---|
| 1 | | | | | |
| 2 | | | | | |
| 3 | Short-term Debt | $ - | $ - | $ - | $ - |
| 4 | | | | | |
| 5 | Long-Term Debt | $ - | $ 464,793 | $ 1,723,869 | $ 1,666,509 |
| 6 | | | | | |
| 7 | Total Debt | $ - | $ 464,793 | $ 1,723,869 | $ 1,666,509 |
| 8 | | | | | |
| 9 | Preferred Stock | - | - | - | - |
| 10 | | | | | |
| 11 | Common Equity | 4,345,617 | 4,971,845 | 601,011 | 1,124,259 |
| 12 | | | | | |
| 13 | | | | | |
| 14 | Total Capital & Debt | $ 4,345,617 | $ 5,436,638 | $ 2,324,880 | $ 2,790,768 |
| 15 | | | | | |
| 16 | | | | | |
| 17 | Capitalization Ratios: | | | | |
| 18 | | | | | |
| 19 | Short-term Debt | - | - | - | - |
| 20 | | | | | |
| 21 | Long-Term Debt | 0.00% | 8.55% | 74.15% | 59.72% |
| 22 | | | | | |
| 23 | Total Debt | 0.00% | 8.55% | 74.15% | 59.72% |
| 24 | | | | | |
| 25 | Preferred Stock | - | - | - | - |
| 26 | | | | | |
| 27 | Common Equity | 100.00% | 91.45% | 25.85% | 40.28% |
| 28 | | | | | |
| 29 | | | | | |
| 30 | Total Capital | 100.00% | 100.00% | 100.00% | 100.00% |
| 31 | | | | | |
| 32 | Weighted Cost of | | | | |
| 33 | Short-Term Debt | 0.00% | 0.00% | 0.00% | 0.00% |
| 34 | | | | | |
| 35 | Weighted Cost of | | | | |
| 36 | Long-Term Debt | 0.00% | 0.56% | 4.89% | 3.94% |
| 37 | | | | | |
| 38 | Weighted Cost of | | | | |
| 39 | Senior Capital | 0.00% | 0.56% | 4.89% | 3.94% |
| 40 | | | | | |
| 41 | | | | | |
| 42 | SUPPORTING SCHEDULES: | | | | |
| 43 | E-1 | | | | |
| 44 | D-1 | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Construction Expenditures
and Gross Utility Plant in Service

Exhibit
Schedule A-4
Page 1
Witness: Bourassa

| Line No. | | Construction Expenditures | Net Plant Placed in Service | Gross Utility Plant in Service |
|---|---|---|---|---|
| 1 | | | | |
| 4 | Prior Year Ended 6/30/2007 | 147,280 | 2,996 | 1,449,688 |
| 5 | | | | |
| 6 | Prior Year Ended 6/30/2008 | 415,750 | 382 | 1,450,070 |
| 7 | | | | |
| 8 | Test Year Ended 06/30/2009 | 1,571,758 | 2,346,991 | 3,797,061 |
| 9 | | | | |
| 10 | Projected Year Ended 06/30/2010 | 16,200 | 16,200 | 3,813,261 |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | SUPPORTING SCHEDULES: | | | |
| 16 | B-2 | | | |
| 17 | E-5 | | | |
| 18 | F-3 | | | |
| 19 | | | | |
| 20 | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Summary Statements of Cash Flows

Exhibit
Schedule A-5
Page 1
Witness: Bourassa

| Line No. | | Prior Year Ended 6/30/2007 | Prior Year Ended 6/30/2008 | Test Year Ended 6/30/2009 | Projected Year Present Rates 6/30/2010 | Projected Year Proposed Rates 6/30/2010 |
|---|---|---|---|---|---|---|
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | Cash Flows from Operating Activities | | | | | |
| 6 | Net Income | $ 172,562 | $ 159,823 | $ 84,985 | $ (55,687) | $ 87,254 |
| 7 | Adjustments to reconcile net income to net cash | | | | | |
| 8 | provided by operating activities: | | | | | |
| 9 | Depreciation and Amortization | 10,197 | 40,751 | 3,817 | 117,586 | 117,586 |
| 10 | Provision for Doubtful Accounts | - | - | (8,467) | - | - |
| 11 | Other | 86,273 | 35,629 | 4,478 | - | - |
| 12 | Changes in Certain Assets and Liabilities: | | | | | |
| 13 | Accounts Receivable | (8,057) | (40,835) | 157 | - | - |
| 14 | Accounts Receivable, Other | - | - | - | - | - |
| 15 | Materials and Supplies Inventory | 4,555 | (581) | 111 | - | - |
| 16 | Prepaid Expenses | (409) | 82 | - | - | - |
| 17 | Accounts Payable | - | - | - | - | - |
| 18 | Intercompany payable | - | - | - | - | - |
| 19 | Customer Deposits | (2,059) | (4,885) | (5,027) | - | - |
| 20 | Taxes Payable | 40,527 | 1,097 | (54,139) | - | - |
| 21 | Deferred Income Taxes | (68,490) | (21,131) | 21,131 | - | - |
| 22 | Other assets and liabilities | (8,960) | (31,351) | 19,349 | - | - |
| 23 | Net Cash Flow provided by Operating Activities | $ 226,139 | $ 138,599 | $ 66,395 | $ 61,899 | $ 204,840 |
| 24 | Cash Flow From Investing Activities: | | | | | |
| 25 | Capital Expenditures | (147,280) | (415,750) | (1,571,758) | (16,200) | (16,200) |
| 26 | Plant Held for Future Use | - | - | - | - | - |
| 27 | Changes in Short-term Investments | 42,454 | (8,307) | (36,175) | - | - |
| 28 | Net Cash Flows from Investing Activities | $ (104,826) | $ (424,057) | $ (1,607,933) | $ (16,200) | $ (16,200) |
| 29 | Cash Flow From Financing Activities | | | | | |
| 30 | Change in Restricted Cash | - | - | - | (36,174) | (36,174) |
| 31 | Net Receipts of Advances-in-Aid of Contruction | (82,862) | (13,901) | (40,175) | - | - |
| 32 | Net Receipts of Contributions-in-Aid of Contruction | 66,225 | 13,900 | 36,352 | - | - |
| 33 | Repayments of Long-Term Debt | - | 464,793 | 1,259,076 | (28,680) | (28,680) |
| 34 | Dividends Paid | - | - | - | - | - |
| 35 | Deferred Financing Costs | - | - | - | - | - |
| 36 | Stock/Paid in Capital | - | - | - | - | - |
| 37 | Net Cash Flows Provided by Financing Activities | $ (16,637) | $ 464,792 | $ 1,255,253 | $ (64,854) | $ (64,854) |
| 38 | Increase(decrease) in Cash and Cash Equivalents | 104,676 | 179,334 | (286,285) | (19,156) | 123,786 |
| 39 | Cash and Cash Equivalents at Beginning of Year | 47,210 | 151,886 | 331,220 | 44,935 | 44,935 |
| 40 | Cash and Cash Equivalents at End of Year | $ 151,886 | $ 331,220 | $ 44,935 | $ 25,780 | $ 168,721 |
| 41 | | | | | | |
| 42 | | | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Summary of Rate Base

Exhibit
Schedule B-1
Page 1
Witness: Bourassa

| Line No. | | Original Cost Rate base | Fair Value Rate Base |
|---|---|---|---|
| 1 | | | |
| 2 | Gross Utility Plant in Service | $ 3,828,584 | $ 3,828,584 |
| 3 | Less: Accumulated Depreciation | 1,077,428 | 1,077,428 |
| 4 | | | |
| 5 | Net Utility Plant in Service | $ 2,751,156 | $ 2,751,156 |
| 6 | | | |
| 7 | Less: | | |
| 8 | Advances in Aid of | | |
| 9 | Construction | 372,323 | 372,323 |
| 10 | Contributions in Aid of | | |
| 11 | Construction | 333,555 | 333,555 |
| 12 | | | |
| 13 | Accumulated Amortization of CIAC | (83,901) | (83,901) |
| 14 | | | |
| 15 | Customer Meter Deposits | 19,641 | 19,641 |
| 16 | Deferred Income Taxes & Credits | - | - |
| 17 | | | |
| 18 | | | |
| 19 | | | |
| 20 | Plus: | | |
| 21 | Unamortized Debt Issuance | | |
| 22 | Costs | - | - |
| 23 | Deferred Reg. Assets | - | - |
| 24 | Working capital | - | - |
| 25 | | | |
| 26 | | | |
| 27 | | | |
| 28 | | | |
| 29 | Total Rate Base | $ 2,109,537 | $ 2,109,537 |
| 30 | | | |
| 31 | | | |
| 32 | | | |
| 33 | SUPPORTING SCHEDULES: | | RECAP SCHEDULES: |
| 34 | B-2 | | A-1 |
| 35 | B-3 | | |
| 36 | B-5 | | |
| 37 | E-1 | | |
| 38 | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Original Cost Rate Base Proforma Adjustments

Exhibit
Schedule B-2
Page 1
Witness: Bourassa

| Line No. | | *Actual* at End of Test Year | Proforma Adjustment Amount | Adjusted at end of Test Year |
|---|---|---|---|---|
| 1 | Gross Utility | | | |
| 2 | Plant in Service | $ 3,797,061 | 31,523 | $ 3,828,584 |
| 3 | | | | |
| 4 | **Less:** | | | |
| 5 | Accumulated | | | |
| 6 | Depreciation | 1,018,223 | 59,205 | 1,077,428 |
| 7 | | | | |
| 8 | | | | |
| 9 | Net Utility Plant | | | |
| 10 | in Service | $ 2,778,838 | | $ 2,751,156 |
| 11 | | | | |
| 12 | **Less:** | | | |
| 13 | Advances in Aid of | | | |
| 14 | Construction | 372,323 | - | 372,323 |
| 15 | | | | |
| 16 | Contributions in Aid of | | | |
| 17 | Construction | 333,555 | - | 333,555 |
| 18 | | | | |
| 19 | Accumulated Amort of CIAC | (193,151) | 109,250 | (83,901) |
| 20 | | | | |
| 21 | Customer Meter Deposits | 19,641 | - | 19,641 |
| 22 | Deferred Income Taxes & Credits | - | - | - |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | **Plus:** | | | |
| 27 | Unamortized Debt Issuance | | | |
| 28 | Costs | - | | - |
| 29 | Deferred Reg. Assets | - | - | - |
| 30 | Working capital | - | - | - |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | Total | $ 2,246,470 | | $ 2,109,537 |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | SUPPORTING SCHEDULES: | | | RECAP SCHEDULES: |
| 40 | B-2, pages 2 | | | B-1 |
| 41 | E-1 | | | |
| 42 | | | | |
| 43 | | | | |
| 44 | | | | |
| 45 | | | | |
| 46 | | | | |
| 47 | | | | |
| 48 | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Original Cost Rate Base Proforma Adjustments

Exhibit
Schedule B-2
Page 2
Witness: Bourassa

| Line No. | | Actual at End of Test Year | Proforma Adjustments 1 Plant | 2 Accumulated Depr. | 3 CIAC | 4 | Adjusted at end of Test Year |
|---|---|---|---|---|---|---|---|
| 1 | Gross Utility | | | | | | |
| 2 | Plant in Service | $ 3,797,061 | 31,523 | | | | $ 3,828,584 |
| 3 | | | | | | | |
| 4 | **Less:** | | | | | | |
| 5 | *Accumulated* | | | | | | |
| 6 | Depreciation | 1,018,223 | | 59,205 | | | 1,077,428 |
| 7 | | | | | | | |
| 8 | | | | | | | |
| 9 | Net Utility Plant | | | | | | |
| 10 | in Service | $ 2,778,838 | $ 31,523 | $ (59,205) | $ - | $ - | $ 2,751,156 |
| 11 | | | | | | | |
| 12 | **Less:** | | | | | | |
| 13 | Advances in Aid of | | | | | | |
| 14 | Construction | 372,323 | | | | | 372,323 |
| 15 | | | | | | | |
| 16 | Contributions in Aid of | | | | | | |
| 17 | Construction (CIAC) | 333,555 | | | | | 333,555 |
| 18 | | | | | | | |
| 19 | Accumulated Amort of CIAC | (193,151) | | | 109,250 | | (83,901) |
| 20 | | | | | | | |
| 21 | Customer Meter Deposits | 19,641 | | | | | 19,641 |
| 22 | Deferred Income Taxes & Credits | - | | | | | - |
| 23 | | | | | | | |
| 24 | | | | | | | |
| 25 | **Plus:** | | | | | | |
| 26 | Unamortized Finance | | | | | | |
| 27 | Charges | - | | | | | - |
| 28 | | | | | | | |
| 29 | Allowance for Working Capital | - | | | | | - |
| 30 | | | | | | | |
| 31 | Total | $ 2,246,470 | $ 31,523 | $ (59,205) | $ (109,250) | $ - | $ 2,109,537 |
| 32 | | | | | | | |
| 33 | | | | | | | |
| 34 | | | | | | | |
| 35 | SUPPORTING SCHEDULES: | | | | | | |
| 36 | B-2, pages 3-6 | | | | | | |
| 37 | E-1 | | | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
*Original Cost Rate Base Proforma Adjustments*
Adjustment Number 1

Exhibit
Schedule B-2
Page 3
Witness: Bourassa

| Line No. | | | | Adjustments | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | A | B | C | D | E | F | |
| 1 | Plant-in-Service | | | | | | | | | |
| 2 | | | | | | | | | | |
| 3 | Acct. | | Per Books | Reconciliation | | Intentionally | Intentionally | Intentionally | Intentionally | Adjusted |
| 4 | No. | Description | Orginal Cost | of Plant Detail to Amount Booked | Capitalized Expenses | Left Blank | Left Blank | Left Blank | Left Blank | Original Cost |
| 5 | 301 | Organization Cost | $ - | | | | | | | $ - |
| 6 | 302 | Franchise Cost | - | | | | | | | - |
| 7 | 303 | Land and Land Rights | 217 | | | | | | | 217 |
| 8 | 304 | Structures and Improvements | 12,229 | | | | | | | 12,229 |
| 9 | 305 | Collecting and Impounding Res. | - | | | | | | | - |
| 10 | 306 | Lake River and Other Intakes | - | | | | | | | - |
| 11 | 307 | Wells and Springs | 309,094 | | | | | | | 309,094 |
| 12 | 308 | Infiltration Galleries and Tunnels | - | | | | | | | - |
| 13 | 309 | Supply Mains | - | | | | | | | - |
| 14 | 310 | Power Generation Equipment | - | | | | | | | - |
| 15 | 311 | Electric Pumping Equipment | 119,815 | | 31,523 | | | | | 151,338 |
| 16 | 320 | Water Treatment Equipment | 910 | 830 | | | | | | 1,740 |
| 17 | 320.1 | Water Treatment Plant | 2,163,524 | (830) | | | | | | 2,162,694 |
| 18 | 320.2 | Chemical Solution Feeders | - | | | | | | | - |
| 19 | 330 | Dist. Reservoirs & Standpipe | 99,896 | | | | | | | 99,896 |
| 20 | 330.1 | Storage tanks | - | | | | | | | - |
| 21 | 330.2 | Pressure Tanks | - | | | | | | | - |
| 22 | 331 | Trans. and Dist. Mains | 924,616 | | | | | | | 924,616 |
| 23 | 333 | Services | 2,427 | | | | | | | 2,427 |
| 24 | 334 | Meters | 101,418 | | | | | | | 101,418 |
| 25 | 335 | Hydrants | - | | | | | | | - |
| 26 | 336 | Backflow Prevention Devices | 1,137 | | | | | | | 1,137 |
| 27 | 339 | Other Plant and Misc. Equip. | - | | | | | | | - |
| 28 | 340 | Office Furniture and Fixtures | 28,306 | | | | | | | 28,306 |
| 29 | 340.1 | Computers and Software | - | | | | | | | - |
| 30 | 341 | Transportation Equipment | 23,292 | | | | | | | 23,292 |
| 31 | 342 | Stores Equipment | - | | | | | | | - |
| 32 | 343 | Tools and Work Equipment | - | | | | | | | - |
| 33 | 344 | Laboratory Equipment | - | | | | | | | - |
| 34 | 345 | Power Operated Equipment | 2,592 | | | | | | | 2,592 |
| 35 | 346 | Communications Equipment | - | | | | | | | - |
| 36 | 347 | Miscellaneous Equipment | 7,589 | (4,424) | | | | | | 3,165 |
| 37 | 348 | Other Tangible Plant | - | 4,424 | | | | | | 4,424 |
| 38 | | | | | | | | | | - |
| 39 | | TOTALS | $ 3,797,062 | $ - | $ 31,523 | $ - | $ - | $ - | $ - | $ 3,828,585 |
| 40 | | | | | | | | | | |
| 41 | Plant-in-Service per Books | | | | | | | | | $ 3,797,062 |
| 42 | | | | | | | | | | |
| 43 | Increase (decrease) in Plant-in-Service | | | | | | | | | $ 31,523 |
| 44 | | | | | | | | | | |
| 45 | Adjustment to Plant-in-Service | | | | | | | | | $ 31,523 |
| 46 | | | | | | | | | | |
| 47 | SUPPORTING SCHEDULES | | | | | | | | | |
| 48 | B-2, pages 3.1-3.9 | | | | | | | | | |

**Las Quintas Serenas Water Company**
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.1

| Account No. | Description | Prior Deprec. Rate | Current Deprec. Rate | Per Decision 67445 Plant At 9/30/2003 | 9/30/2003 Accum. Depr. | 2004 Plant Additions | 2004 Plant Adjustment | 2004 Adjusted Plant Additions | 2004 Plant Retirements | 2004 Salvage A/D Only | September 2004 Plant Balance | 2004 Deprec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 301 | Organization Cost | 0.00% | 0.00% | - | - | | | - | | | - | - |
| 302 | Franchise Cost | 0.00% | 0.00% | - | - | | | - | | | - | - |
| 303 | Land and Land Rights | 0.00% | 0.00% | 217 | - | - | | - | | | 217 | - |
| 304 | Structures and Improvements | 5.00% | 3.33% | 6,599 | 3,110 | - | | - | - | | 6,599 | 330 |
| 305 | Collecting and Impounding Res. | 5.00% | 2.50% | - | - | | | - | | | - | - |
| 306 | Lake River and Other Intakes | 5.00% | 2.50% | - | - | | | - | | | - | - |
| 307 | Wells and Springs | 5.00% | 3.33% | 300,389 | 141,585 | | | - | | | 300,389 | 15,019 |
| 308 | Infiltration Galleries and Tunnels | 5.00% | 6.67% | - | - | | | - | | | - | - |
| 309 | Supply Mains | 5.00% | 2.00% | - | - | | | - | | | - | - |
| 310 | Power Generation Equipment | 5.00% | 5.00% | - | - | | | - | | | - | - |
| 311 | Electric Pumping Equipment | 5.00% | 12.50% | 103,684 | 48,870 | 11,131 | | 11,131 | | | 114,815 | 5,462 |
| 320 | Water Treatment Equipment | 5.00% | 3.33% | 830 | 391 | | | - | | | 830 | 42 |
| 320.1 | Water Treatment Equipment | 5.00% | 3.33% | - | - | | | - | | | - | - |
| 320.2 | Chemical Solution Feeders | 5.00% | 20.00% | - | - | | | - | | | - | - |
| 330 | Distribution Reservoirs & Standpipe | 5.00% | 2.22% | 94,798 | 44,682 | 1,546 | | 1,546 | | | 96,344 | 4,779 |
| 330.1 | Storage tanks | 5.00% | 2.22% | - | - | | | - | | | - | - |
| 330.2 | Pressure Tanks | 5.00% | 5.00% | - | - | | | - | | | - | - |
| 331 | Transmission and Distribution Mains | 5.00% | 2.00% | 820,492 | 386,729 | 78,445 | | 78,445 | | | 898,937 | 42,986 |
| 333 | Services | 5.00% | 3.33% | 2,427 | 1,144 | | | - | | | 2,427 | 121 |
| 334 | Meters | 5.00% | 8.33% | 100,610 | 47,421 | | | - | | | 100,610 | 5,031 |
| 335 | Hydrants | 5.00% | 2.00% | - | - | | | - | | | - | - |
| 336 | Backflow Prevention Devices | 5.00% | 6.67% | 1,137 | 536 | | | - | | | 1,137 | 57 |
| 339 | Other Plant and Miscellaneous Equipment | 5.00% | 6.67% | - | - | | | - | | | - | - |
| 340 | Office Furniture and Fixtures | 5.00% | 6.67% | 13,721 | 6,467 | 5,695 | | 5,695 | | | 19,416 | 828 |
| 340.1 | Computers and Software | 5.00% | 20.00% | - | - | | | - | | | - | - |
| 341 | Transportation Equipment | 5.00% | 20.00% | 9,000 | 4,242 | | | - | - | | 9,000 | 450 |
| 342 | Stores Equipment | 5.00% | 4.00% | - | - | | | - | | | - | - |
| 343 | Tools and Work Equipment | 5.00% | 5.00% | - | - | | | - | | | - | - |
| 344 | Laboratory Equipment | 5.00% | 10.00% | - | - | | | - | | | - | - |
| 345 | Power Operated Equipment | 5.00% | 5.00% | 2,592 | 1,222 | | | - | | | 2,592 | 130 |
| 346 | Communications Equipment | 5.00% | 10.00% | - | - | | | - | | | - | - |
| 347 | Miscellaneous Equipment | 5.00% | 10.00% | - | - | 2,746 | | 2,746 | | | 2,746 | 69 |
| 348 | Other Tangible Plant | 5.00% | 10.00% | 4,424 | 2,085 | | | - | | | 4,424 | 221 |
| | Rounding | | | 1 | 0 | | | - | (1) | | - | (0) |
| | Plant Held for Future Use | | | | | | | | | | | |
| | TOTAL WATER PLANT | | | 1,460,921 | 688,486 | 99,563 | - | 99,563 | (1) | - | 1,560,483 | 75,524 |
| | | | | See B-2, page 3.8 | See B-2 page 3.9 | | | | | | | |

**Las Quintas Serenas Water Company**
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.2

| Account No. | Description | Prior Deprec. Rate | Current Deprec. Rate | 2005 Plant Additions | 2005 Plant Adjustments | 2005 Adjusted Plant Additions | 2005 Plant Retirements | 2005 Salvage/Adj. A/D Only | September 2005 Plant Balance | 2005 Deprec. |
|---|---|---|---|---|---|---|---|---|---|---|
| 301 | Organization Cost | 0.00% | 0.00% | | | - | | | - | - |
| 302 | Franchise Cost | 0.00% | 0.00% | | | - | | | - | - |
| 303 | Land and Land Rights | 0.00% | 0.00% | | | - | | | 217 | - |
| 304 | Structures and Improvements | 5.00% | 3.33% | 5,630 | | 5,630 | | | 12,229 | 313 |
| 305 | Collecting and Impounding Res. | 5.00% | 2.50% | | | - | | | - | - |
| 306 | Lake River and Other Intakes | 5.00% | 2.50% | | | - | | | - | - |
| 307 | Wells and Springs | 5.00% | 3.33% | 14,095 | | 14,095 | | | 314,484 | 10,238 |
| 308 | Infiltration Galleries and Tunnels | 5.00% | 6.67% | | | - | | | - | - |
| 309 | *Supply Mains* | 5.00% | 2.00% | | | - | | | - | - |
| 310 | Power Generation Equipment | 5.00% | 5.00% | | | - | | | - | - |
| 311 | Electric Pumping Equipment | 5.00% | 12.50% | 5,000 | | 5,000 | | | 119,815 | 14,664 |
| 320 | Water Treatment Equipment | 5.00% | 3.33% | 910 | | 910 | | | 1,740 | 43 |
| 320.1 | Water Treatment Equipment | 5.00% | 3.33% | | | - | | | - | - |
| 320.2 | Chemical Solution Feeders | 5.00% | 20.00% | | | - | | | - | - |
| 330 | Distribution Reservoirs & Standpipe | 5.00% | 2.22% | 3,552 | | 3,552 | | | 99,896 | 2,178 |
| 330.1 | Storage Tanks | 5.00% | 2.22% | | | - | | | - | - |
| 330.2 | Pressure Tanks | 5.00% | 5.00% | | | - | | | - | - |
| 331 | Transmission and Distribution Mains | 5.00% | 2.00% | 4,761 | | 4,761 | | | 903,698 | 18,026 |
| 333 | Services | 5.00% | 3.33% | - | | - | | | 2,427 | 81 |
| 334 | Meters | 5.00% | 8.33% | - | | - | | | 100,610 | 8,381 |
| 335 | Hydrants | 5.00% | 2.00% | | | - | | | - | - |
| 336 | Backflow Prevention Devices | 5.00% | 6.67% | - | | - | | | 1,137 | 76 |
| 339 | Other Plant and Miscellaneous Equipment | 5.00% | 6.67% | - | | - | | | - | - |
| 340 | Office Furniture and Fixtures | 5.00% | 6.67% | 3,202 | | 3,202 | | | 22,618 | 1,402 |
| 340.1 | Computers and Software | 5.00% | 20.00% | | | - | | | - | - |
| 341 | Transportation Equipment | 5.00% | 20.00% | 18,292 | | 18,292 | | | 27,292 | 3,629 |
| 342 | Stores Equipment | 5.00% | 4.00% | | | - | | | - | - |
| 343 | Tools and Work Equipment | 5.00% | 5.00% | | | - | | | - | - |
| 344 | Laboratory Equipment | 5.00% | 10.00% | | | - | | | - | - |
| 345 | Power Operated Equipment | 5.00% | 5.00% | - | | - | | | 2,592 | 130 |
| 346 | Communications Equipment | 5.00% | 10.00% | | | - | | | - | - |
| 347 | Miscellaneous Equipment | 5.00% | 10.00% | 419 | | 419 | | | 3,165 | 296 |
| 348 | Other Tangible Plant | 5.00% | 10.00% | | | - | | | 4,424 | 442 |
| | Rounding | | | | | - | | | - | - |
| | | | | | | - | | | - | - |
| | Plant Held for Future Use | | | | | | | | | |
| | TOTAL WATER PLANT | | | 55,861 | | 55,861 | - | - | 1,616,344 | 59,699 |

**Las Quintas Serenas Water Company**
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.3

| Account No. | Description | Prior Deprec. Rate | Current Deprec. Rate | 2006 Plant Additions | 2006 Plant Adjustments | 2006 Adjusted Plant Additions | 2006 Plant Retirements | 2006 Salvage A/D Only | September 2006 Plant Balance | 2006 Deprec. |
|---|---|---|---|---|---|---|---|---|---|---|
| 301 | Organization Cost | 0.00% | 0.00% | - | | - | | | - | - |
| 302 | Franchise Cost | 0.00% | 0.00% | - | | - | | | - | - |
| 303 | Land and Land Rights | 0.00% | 0.00% | - | | - | | | 217 | - |
| 304 | Structures and Improvements | 5.00% | 3.33% | - | | - | | | 12,229 | 407 |
| 305 | Collecting and Impounding Res. | 5.00% | 2.50% | - | | - | | | - | - |
| 306 | Lake River and Other Intakes | 5.00% | 2.50% | - | | - | | | - | - |
| 307 | Wells and Springs | 5.00% | 3.33% | - | | - | | | 314,484 | 10,472 |
| 308 | Infiltration Galleries and Tunnels | 5.00% | 6.67% | - | | - | | | - | - |
| 309 | Supply Mains | 5.00% | 2.00% | - | | - | | | - | - |
| 310 | Power Generation Equipment | 5.00% | 5.00% | - | | - | | | - | - |
| 311 | Electric Pumping Equipment | 5.00% | 12.50% | - | | - | | | 119,815 | 14,977 |
| 320 | Water Treatment Equipment | 5.00% | 3.33% | - | | - | | | 1,740 | 58 |
| 320.1 | Water Treatment Equipment | 5.00% | 3.33% | - | | - | | | - | - |
| 320.2 | Chemical Solution Feeders | 5.00% | 20.00% | - | | - | | | - | - |
| 330 | Distribution Reservoirs & Standpipe | 5.00% | 2.22% | - | | - | | | 99,896 | 2,218 |
| 330.1 | Storage tanks | 5.00% | 2.22% | - | | - | | | - | - |
| 330.2 | Pressure Tanks | 5.00% | 5.00% | - | | - | | | - | - |
| 331 | Transmission and Distribution Mains | 5.00% | 2.00% | - | | - | | | 903,698 | 18,074 |
| 333 | Services | 5.00% | 3.33% | - | | - | | | 2,427 | 81 |
| 334 | Meters | 5.00% | 8.33% | 808 | | 808 | | | 101,418 | 8,414 |
| 335 | Hydrants | 5.00% | 2.00% | - | | - | | | - | - |
| 336 | Backflow Prevention Devices | 5.00% | 6.67% | - | | - | | | 1,137 | 76 |
| 339 | Other Plant and Miscellaneous Equipment | 5.00% | 6.67% | - | | - | | | - | - |
| 340 | Office Furniture and Fixtures | 5.00% | 6.67% | - | | - | | | 22,618 | 1,509 |
| 340.1 | Computers and Software | 5.00% | 20.00% | - | | - | | | - | - |
| 341 | Transportation Equipment | 5.00% | 20.00% | - | | - | | | 27,292 | 5,458 |
| 342 | Stores Equipment | 5.00% | 4.00% | - | | - | | | - | - |
| 343 | Tools and Work Equipment | 5.00% | 5.00% | - | | - | | | - | - |
| 344 | Laboratory Equipment | 5.00% | 10.00% | - | | - | | | - | - |
| 345 | Power Operated Equipment | 5.00% | 5.00% | - | | - | | | 2,592 | 130 |
| 346 | Communications Equipment | 5.00% | 10.00% | - | | - | | | - | - |
| 347 | Miscellaneous Equipment | 5.00% | 10.00% | - | | - | | | 3,165 | 317 |
| 348 | Other Tangible Plant | 5.00% | 10.00% | - | | - | | | 4,424 | 442 |
| | Rounding | | | - | | - | | | - | - |
| | | | | | | - | | | - | - |
| | Plant Held for Future Use | | | | | | | | | |
| | TOTAL WATER PLANT | | | 808 | - | 808 | - | - | 1,617,152 | 62,633 |
| | | | | | | | | | | 868,274 |

**Las Quintas Serenas Water Company**
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.4

| Account No. | Description | Prior Deprec. Rate | Current Deprec. Rate | 2007 Plant Additions | 2007 Plant Adjustments | 2007 Adjusted Plant Additions | 2007 Plant Retirements | 2007 Salvage A/D Only | September 2007 Plant Balance | 2007 Deprec. |
|---|---|---|---|---|---|---|---|---|---|---|
| 301 | Organization Cost | 0.00% | 0.00% | - | | - | | | - | - |
| 302 | Franchise Cost | 0.00% | 0.00% | - | | - | | | - | - |
| 303 | Land and Land Rights | 0.00% | 0.00% | - | | - | | | 217 | - |
| 304 | Structures and Improvements | 5.00% | 3.33% | - | | - | | | 12,229 | 407 |
| 305 | Collecting and Impounding Res. | 5.00% | 2.50% | - | | - | | | - | - |
| 306 | *Lake River and Other Intakes* | 5.00% | 2.50% | - | | - | | | - | - |
| 307 | Wells and Springs | 5.00% | 3.33% | - | | - | | | 314,484 | 10,472 |
| 308 | Infiltration Galleries and Tunnels | 5.00% | 6.67% | - | | - | | | - | - |
| 309 | Supply Mains | 5.00% | 2.00% | - | | - | | | - | - |
| 310 | Power Generation Equipment | 5.00% | 5.00% | - | | - | | | - | - |
| 311 | Electric Pumping Equipment | 5.00% | 12.50% | - | | - | | | 119,815 | 14,977 |
| 320 | Water Treatment Equipment | 5.00% | 3.33% | - | | - | | | 1,740 | 58 |
| 320.1 | Water Treatment Equipment | 5.00% | 3.33% | - | | - | | | - | - |
| 320.2 | Chemical Solution Feeders | 5.00% | 20.00% | - | | - | | | - | - |
| 330 | Distribution Reservoirs & Standpipe | 5.00% | 2.22% | - | | - | | | 99,896 | 2,218 |
| 330.1 | Storage tanks | 5.00% | 2.22% | - | | - | | | - | - |
| 330.2 | Pressure Tanks | 5.00% | 5.00% | - | | - | | | - | - |
| 331 | Transmission and Distribution Mains | 5.00% | 2.00% | - | | - | | | 903,698 | 18,074 |
| 333 | Services | 5.00% | 3.33% | - | | - | | | 2,427 | 81 |
| 334 | Meters | 5.00% | 8.33% | - | | - | | | 101,418 | 8,448 |
| 335 | Hydrants | 5.00% | 2.00% | - | | - | | | - | - |
| 336 | Backflow Prevention Devices | 5.00% | 6.67% | | | - | | | 1,137 | 76 |
| 339 | Other Plant and Miscellaneous Equipment | 5.00% | 6.67% | | | - | | | - | - |
| 340 | Office Furniture and Fixtures | 5.00% | 6.67% | 3,865 | | 3,865 | | | 26,463 | 1,638 |
| 340.1 | Computers and Software | 5.00% | 20.00% | | | - | | | - | - |
| 341 | Transportation Equipment | 5.00% | 20.00% | | | - | (500) | | 26,792 | 5,408 |
| 342 | Stores Equipment | 5.00% | 4.00% | | | - | | | - | - |
| 343 | Tools and Work Equipment | 5.00% | 5.00% | | | - | | | - | - |
| 344 | Laboratory Equipment | 5.00% | 10.00% | | | - | | | - | - |
| 345 | Power Operated Equipment | 5.00% | 5.00% | | | - | | | 2,592 | 130 |
| 346 | Communications Equipment | 5.00% | 10.00% | | | - | | | - | - |
| 347 | Miscellaneous Equipment | 5.00% | 10.00% | | | - | | | 3,165 | 317 |
| 348 | Other Tangible Plant | 5.00% | 10.00% | | | - | | | 4,424 | 442 |
| | Rounding | | | | | - | | | - | - |
| | | | | | | - | | | - | - |
| | Plant Held for Future Use | | | | | | | | | |
| | TOTAL WATER PLANT | | | 3,865 | - | 3,865 | (500) | - | 1,620,517 | 62,745 |
| | | | | | | | | | | 931,019 |

**Las Quintas Serenas Water Company**
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.5

| Account No. | Description | Prior Deprec. Rate | Current Deprec. Rate | 2008 Plant Additions | 2008 Plant Adjustments | 2008 Adjusted Plant Additions | 2008 Plant Retirements | 2008 Salvage A/D Only | September 2008 Plant Balance | 2008 Deprec. |
|---|---|---|---|---|---|---|---|---|---|---|
| 301 | Organization Cost | 0.00% | 0.00% | - | | - | | | - | - |
| 302 | Franchise Cost | 0.00% | 0.00% | - | | - | | | - | - |
| 303 | Land and Land Rights | 0.00% | 0.00% | - | | - | | | 217 | - |
| 304 | Structures and Improvements | 5.00% | 3.33% | - | | - | | | 12,229 | 407 |
| 305 | Collecting and Impounding Res. | 5.00% | 2.50% | - | | - | | | - | - |
| 306 | Lake River and Other Intakes | 5.00% | 2.50% | - | | - | | | - | - |
| 307 | Wells and Springs | 5.00% | 3.33% | - | | - | (5,390) | | 309,094 | 10,383 |
| 308 | Infiltration Galleries and Tunnels | 5.00% | 6.67% | - | | - | | | - | - |
| 309 | Supply Mains | 5.00% | 2.00% | - | | - | | | - | - |
| 310 | Power Generation Equipment | 5.00% | 5.00% | - | | - | | | - | - |
| 311 | Electric Pumping Equipment | 5.00% | 12.50% | - | | - | | | 119,815 | 14,977 |
| 320 | Water Treatment Equipment | 5.00% | 3.33% | - | | - | | | 1,740 | 58 |
| 320.1 | Water Treatment Equipment | 5.00% | 3.33% | - | | - | | | - | - |
| 320.2 | Chemical Solution Feeders | 5.00% | 20.00% | - | | - | | | - | - |
| 330 | Distribution Reservoirs & Standpipe | 5.00% | 2.22% | - | | - | | | 99,896 | 2,218 |
| 330.1 | Storage tanks | 5.00% | 2.22% | - | | - | | | - | - |
| 330.2 | Pressure Tanks | 5.00% | 5.00% | - | | - | | | - | - |
| 331 | Transmission and Distribution Mains | 5.00% | 2.00% | 20,918 | | 20,918 | | | 924,616 | 18,283 |
| 333 | Services | 5.00% | 3.33% | - | | - | | | 2,427 | 81 |
| 334 | Meters | 5.00% | 8.33% | - | | - | | | 101,418 | 8,448 |
| 335 | Hydrants | 5.00% | 2.00% | - | | - | | | - | - |
| 336 | Backflow Prevention Devices | 5.00% | 6.67% | - | | - | | | 1,137 | 76 |
| 339 | Other Plant and Miscellaneous Equipment | 5.00% | 6.67% | | | - | | | - | - |
| 340 | Office Furniture and Fixtures | 5.00% | 6.67% | 303 | | 303 | | | 26,786 | 1,777 |
| 340.1 | Computers and Software | 5.00% | 20.00% | - | | - | | | - | - |
| 341 | Transportation Equipment | 5.00% | 20.00% | | | - | (3,500) | | 23,292 | 4,604 |
| 342 | Stores Equipment | 5.00% | 4.00% | | | - | | | - | - |
| 343 | Tools and Work Equipment | 5.00% | 5.00% | | | - | | | - | - |
| 344 | Laboratory Equipment | 5.00% | 10.00% | | | - | | | - | - |
| 345 | Power Operated Equipment | 5.00% | 5.00% | | | - | | | 2,592 | 130 |
| 346 | Communications Equipment | 5.00% | 10.00% | | | - | | | - | - |
| 347 | Miscellaneous Equipment | 5.00% | 10.00% | | | - | | | 3,165 | 317 |
| 348 | Other Tangible Plant | 5.00% | 10.00% | | | - | | | 4,424 | 442 |
| | Rounding | | | | | - | | | - | - |
| | | | | | | - | | | - | - |
| | Plant Held for Future Use | | | | | | | | | |
| | TOTAL WATER PLANT | | | 21,221 | - | 21,221 | (8,890) | - | 1,632,848 | 62,199 |

**Las Quintas Serenas Water Company**
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.6

| Account No. | Description | Prior Deprec. Rate | Current Deprec. Rate | 2009 Plant Additions | 2009 Plant Adjustments | 2009 Adjusted Plant Additions | 2009 Plant Retirements | 2009 Salvage A/D Only | June 2009 Plant Balance | 2009 Deprec. |
|---|---|---|---|---|---|---|---|---|---|---|
| 301 | Organization Cost | 0.00% | 0.00% | | | - | | | - | - |
| 302 | Franchise Cost | 0.00% | 0.00% | | | - | | | - | - |
| 303 | Land and Land Rights | 0.00% | 0.00% | - | | - | | | 217 | - |
| 304 | Structures and Improvements | 5.00% | 3.33% | - | | - | | | 12,229 | 305 |
| 305 | Collecting and Impounding Res. | 5.00% | 2.50% | | | - | | | - | - |
| 306 | Lake River and Other Intakes | 5.00% | 2.50% | | | - | | | - | - |
| 307 | Wells and Springs | 5.00% | 3.33% | - | | - | | | 309,094 | 7,720 |
| 308 | Infiltration Galleries and Tunnels | 5.00% | 6.67% | | | - | | | - | - |
| 309 | Supply Mains | 5.00% | 2.00% | | | - | | | - | - |
| 310 | Power Generation Equipment | 5.00% | 5.00% | | | - | | | - | - |
| 311 | Electric Pumping Equipment | 5.00% | 12.50% | - | 31,523 | 31,523 | | | 151,338 | 12,710 |
| 320 | Water Treatment Equipment | 5.00% | 3.33% | | | - | | | 1,740 | 43 |
| 320.1 | Water Treatment Equipment | 5.00% | 3.33% | 2,162,694 | | 2,162,694 | | | 2,162,694 | 27,007 |
| 320.2 | Chemical Solution Feeders | 5.00% | 20.00% | | | - | | | - | - |
| 330 | Distribution Reservoirs & Standpipe | 5.00% | 2.22% | | | - | | | 99,896 | 1,663 |
| 330.1 | Storage tanks | 5.00% | 2.22% | | | - | | | - | - |
| 330.2 | Pressure Tanks | 5.00% | 5.00% | | | - | | | - | - |
| 331 | Transmission and Distribution Mains | 5.00% | 2.00% | | | - | | | 924,616 | 13,869 |
| 333 | Services | 5.00% | 3.33% | | | - | | | 2,427 | 61 |
| 334 | Meters | 5.00% | 8.33% | | | - | | | 101,418 | 6,336 |
| 335 | Hydrants | 5.00% | 2.00% | | | - | | | - | - |
| 336 | Backflow Prevention Devices | 5.00% | 6.67% | | | - | | | 1,137 | 57 |
| 339 | Other Plant and Miscellaneous Equipment | 5.00% | 6.67% | | | - | | | - | - |
| 340 | Office Furniture and Fixtures | 5.00% | 6.67% | 1,520 | | 1,520 | | | 28,306 | 1,378 |
| 340.1 | Computers and Software | 5.00% | 20.00% | | | - | | | - | - |
| 341 | Transportation Equipment | 5.00% | 20.00% | | | - | | | 23,292 | 3,500 |
| 342 | Stores Equipment | 5.00% | 4.00% | | | - | | | - | - |
| 343 | Tools and Work Equipment | 5.00% | 5.00% | | | - | | | - | - |
| 344 | Laboratory Equipment | 5.00% | 10.00% | | | - | | | - | - |
| 345 | Power Operated Equipment | 5.00% | 5.00% | | | - | | | 2,592 | 97 |
| 346 | Communications Equipment | 5.00% | 10.00% | | | - | | | - | - |
| 347 | Miscellaneous Equipment | 5.00% | 10.00% | | | - | | | 3,165 | 237 |
| 348 | Other Tangible Plant | 5.00% | 10.00% | | | - | | | 4,424 | 348 |
| | Rounding | | | | | - | | | - | - |
| | | | | | | - | | | - | - |
| | Plant Held for Future Use | | | | | | | | | |
| | TOTAL WATER PLANT | | | 2,164,214 | 31,523 | 2,195,737 | - | - | 3,828,585 | 75,332 |

**Las Quintas Serenas Water Company**
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.7

| Account No. | Description | Prior Deprec. Rate | Current Deprec. Rate | Year End Accumulated Depreciation by Account Sep 2003 | Sep 2004 | Sep 2005 | Sep 2006 | Sep 2007 | Sep 2008 | June 2009 |
|---|---|---|---|---|---|---|---|---|---|---|
| 301 | Organization Cost | 0.00% | 0.00% | - | - | - | - | - | - | - |
| 302 | Franchise Cost | 0.00% | 0.00% | - | - | - | - | - | - | - |
| 303 | Land and Land Rights | 0.00% | 0.00% | - | - | - | - | - | - | - |
| 304 | Structures and Improvements | 5.00% | 3.33% | 3,110 | 3,440 | 3,754 | 4,161 | 4,568 | 4,975 | 5,281 |
| 305 | Collecting and Impounding Res. | 5.00% | 2.50% | - | - | - | - | - | - | - |
| 306 | Lake River and Other Intakes | 5.00% | 2.50% | - | - | - | - | - | - | - |
| 307 | Wells and Springs | 5.00% | 3.33% | 141,585 | 156,604 | 166,842 | 177,314 | 187,787 | 192,779 | 200,499 |
| 308 | Infiltration Galleries and Tunnels | 5.00% | 6.67% | - | - | - | - | - | - | - |
| 309 | Supply Mains | 5.00% | 2.00% | - | - | - | - | - | - | - |
| 310 | Power Generation Equipment | 5.00% | 5.00% | - | - | - | - | - | - | - |
| 311 | Electric Pumping Equipment | 5.00% | 12.50% | 48,870 | 54,333 | 68,997 | 83,974 | 98,951 | 113,928 | 126,638 |
| 320 | Water Treatment Equipment | 5.00% | 3.33% | 391 | 433 | 476 | 533 | 591 | 649 | 693 |
| 320.1 | Water Treatment Equipment | 5.00% | 3.33% | - | - | - | - | - | - | 27,007 |
| 320.2 | Chemical Solution Feeders | 5.00% | 20.00% | - | - | - | - | - | - | - |
| 330 | Distribution Reservoirs & Standpipe | 5.00% | 2.22% | 44,682 | 49,460 | 51,639 | 53,856 | 56,074 | 58,292 | 59,955 |
| 330.1 | Storage tanks | 5.00% | 2.22% | - | - | - | - | - | - | - |
| 330.2 | Pressure Tanks | 5.00% | 5.00% | - | - | - | - | - | - | - |
| 331 | Transmission and Distribution Mains | 5.00% | 2.00% | 386,729 | 429,715 | 447,742 | 465,815 | 483,889 | 502,173 | 516,042 |
| 333 | Services | 5.00% | 3.33% | 1,144 | 1,265 | 1,346 | 1,427 | 1,508 | 1,589 | 1,649 |
| 334 | Meters | 5.00% | 8.33% | 47,421 | 52,452 | 60,833 | 69,247 | 77,695 | 86,143 | 92,479 |
| 335 | Hydrants | 5.00% | 2.00% | - | - | - | - | - | - | - |
| 336 | Backflow Prevention Devices | 5.00% | 6.67% | 536 | 593 | 669 | 744 | 820 | 896 | 953 |
| 339 | Other Plant and Miscellaneous Equipment | 5.00% | 6.67% | - | - | - | - | - | - | - |
| 340 | Office Furniture and Fixtures | 5.00% | 6.67% | 6,467 | 7,296 | 8,697 | 10,206 | 11,844 | 13,620 | 14,998 |
| 340.1 | Computers and Software | 5.00% | 20.00% | - | - | - | - | - | - | - |
| 341 | Transportation Equipment | 5.00% | 20.00% | 4,242 | 4,692 | 8,321 | 13,780 | 18,688 | 19,792 | 23,292 |
| 342 | Stores Equipment | 5.00% | 4.00% | - | - | - | - | - | - | - |
| 343 | Tools and Work Equipment | 5.00% | 5.00% | - | - | - | - | - | - | - |
| 344 | Laboratory Equipment | 5.00% | 10.00% | - | - | - | - | - | - | - |
| 345 | Power Operated Equipment | 5.00% | 5.00% | 1,222 | 1,351 | 1,481 | 1,611 | 1,740 | 1,870 | 1,967 |
| 346 | Communications Equipment | 5.00% | 10.00% | - | - | - | - | - | - | - |
| 347 | Miscellaneous Equipment | 5.00% | 10.00% | - | 69 | 364 | 681 | 997 | 1,314 | 1,551 |
| 348 | Other Tangible Plant | 5.00% | 10.00% | 2,085 | 2,306 | 2,749 | 3,191 | 3,634 | 4,076 | 4,424 |
| | Rounding | | | 0 | - | - | - | - | - | - |
| | | | | - | - | - | - | - | - | - |
| | Plant Held for Future Use | | | - | | | | | | |
| | TOTAL WATER PLANT | | | 688,486 | 764,010 | 823,909 | 886,541 | 948,787 | 1,002,096 | 1,077,428 |

Las Quintas Serenas Water Company
Plant Reconciliation to Prior Rate Case

Exhibit
Schedule B-2
Page 3.8

| Line No. | Account No. | Description | Balance Per Company Per 9/30/2003 Filing Before Adj. | Adjustments: Adopted Staff Adjustments | Adjustments: Intentionally Left Blank | Adjustments: Intentionally Left Blank | Per Decision 67445 Prior Case Adjusted Plant | Blank | Rounding | Initial Balance |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | | | | | | | | | | |
| 2 | | | | | | | | | | |
| 3 | | | | | | | | | | |
| 4 | | | | | | | | | | |
| 5 | | | | | | | | | | |
| 6 | 301 | Organization Cost | - | | | | - | | | - |
| 7 | 302 | Franchise Cost | - | | | | - | | | - |
| 8 | 303 | Land and Land Rights | 5,217 | (5,000) | | | 217 | | | 217 |
| 9 | 304 | Structures and Improvements | 6,599 | | | | 6,599 | | | 6,599 |
| 10 | 305 | Collecting and Impounding Res. | - | | | | - | | | - |
| 11 | 306 | Lake River and Other Intakes | - | | | | - | | | - |
| 12 | 307 | Wells and Springs | 259,402 | 40,987 | | | 300,389 | | | 300,389 |
| 13 | 308 | Infiltration Galleries and Tunnels | - | | | | - | | | - |
| 14 | 309 | Supply Mains | - | | | | - | | | - |
| 15 | 310 | Power Generation Equipment | - | | | | - | | | - |
| 16 | 311 | Electric Pumping Equipment | 154,555 | (50,871) | | | 103,684 | | | 103,684 |
| 17 | 320 | *Water Treatment Equipment* | - | 830 | | | 830 | | | 830 |
| 18 | 320.1 | Water Treatment Plants | - | | | | - | | | - |
| 19 | 320.2 | Chemical Solution Feeders | - | | | | - | | | - |
| 20 | 330 | Distribution Reservoirs & Standpipe | 82,215 | 12,583 | | | 94,798 | | | 94,798 |
| 21 | 330.1 | Storage tanks | - | | | | - | | | - |
| 22 | 330.2 | Pressure Tanks | - | | | | - | | | - |
| 23 | 331 | Transmission and Distribution Mains | 822,434 | (1,942) | | | 820,492 | | | 820,492 |
| 24 | 333 | Services | 2,427 | | | | 2,427 | | | 2,427 |
| 25 | 334 | Meters | 99,647 | 963 | | | 100,610 | | | 100,610 |
| 26 | 335 | Hydrants | - | | | | - | | | - |
| 27 | 336 | Backflow Prevention Devices | - | 1,137 | | | 1,137 | | | 1,137 |
| 28 | 339 | Other Plant and Miscellaneous Equipment | - | | | | - | | | - |
| 29 | 340 | Office Furniture and Fixtures | 13,424 | 297 | | | 13,721 | | | 13,721 |
| 30 | 340.1 | Computers and Software | - | | | | - | | | - |
| 31 | 341 | Transportation Equipment | 9,000 | | | | 9,000 | | | 9,000 |
| 32 | 342 | Stores Equipment | - | | | | - | | | - |
| 33 | 343 | Tools and Work Equipment | - | | | | - | | | - |
| 34 | 344 | Laboratory Equipment | - | | | | - | | | - |
| 35 | 345 | Power Operated Equipment | - | 2,592 | | | 2,592 | | | 2,592 |
| 36 | 346 | Communications Equipment | - | | | | - | | | - |
| 37 | 347 | Miscellaneous Equipment | 6,943 | (6,943) | | | - | | | - |
| 38 | 348 | Other Tangible Plant | - | 4,424 | | | 4,424 | | | 4,424 |
| 39 | | Plant not in Service | - | 1 | | | 1 | | | 1 |
| 40 | | TOTAL | 1,461,863 | (942) | - | - | 1,460,921 | - | - | 1,460,921 |
| 41 | | | | | | | | | | |

Las Quintas Serenas Water Company
A/D Reconciliation to Prior Rate Case

Exhibit
Schedule B-2
Page 3.9

| Line No. | Account No. | Description | 67445 Per Decision Prior Case Adjusted A/D | Adjustment A/D | Initial Balance |
|---|---|---|---|---|---|
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | 301 | Organization Cost | - | | - |
| 6 | 302 | Franchise Cost | - | | - |
| 7 | 303 | Land and Land Rights | - | | - |
| 8 | 304 | Structures and Improvements | 3,110 | | 3,110 |
| 9 | 305 | Collecting and Impounding Res. | - | | - |
| 10 | 306 | Lake River and Other Intakes | - | | - |
| 11 | 307 | Wells and Springs | 141,585 | | 141,585 |
| 12 | 308 | Infiltration Galleries and Tunnels | - | | - |
| 13 | 309 | Supply Mains | - | | - |
| 14 | 310 | Power Generation Equipment | - | | - |
| 15 | 311 | Electric Pumping Equipment | 48,870 | | 48,870 |
| 16 | 320 | Water Treatment Equipment | 391 | | 391 |
| 17 | 320.1 | Water Treatment Plants | - | | |
| 18 | 320.2 | Checmical Solution Feeders | - | | |
| 19 | 330 | Distribution Reservoirs & Standpipe | 44,682 | | 44,682 |
| 20 | 330.1 | Storage tanks | - | | |
| 21 | 330.2 | Pressure Tanks | - | | |
| 22 | 331 | Transmission and Distribution Mains | 386,729 | | 386,729 |
| 23 | 333 | Services | 1,144 | | 1,144 |
| 24 | 334 | Meters | 47,421 | | 47,421 |
| 25 | 335 | Hydrants | - | | - |
| 26 | 336 | Backflow Prevention Devices | 536 | | 536 |
| 27 | 339 | Other Plant and Miscellaneous Equipment | - | | - |
| 28 | 340 | Office Furniture and Fixtures | 6,467 | | 6,467 |
| 29 | 340.1 | Computers and Software | - | | - |
| 30 | 341 | Transportation Equipment | 4,242 | | 4,242 |
| 31 | 342 | Stores Equipment | - | | - |
| 32 | 343 | Tools and Work Equipment | - | | - |
| 33 | 344 | Laboratory Equipment | - | | - |
| 34 | 345 | Power Operated Equipment | 1,222 | | 1,222 |
| 35 | 346 | Communications Equipment | - | | - |
| 36 | 347 | Miscellaneous Equipment | - | | - |
| 37 | 348 | Other Tangible Plant | 2,085 | | 2,085 |
| 38 | | Rounding and prior Rate Case Adjustment | 0 | | 0 |
| 39 | | | | | |
| 40 | | TOTAL | 688,486 | - | 688,486 |
| 41 | | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2

Exhibit
Schedule B-2
Page 4
Witness: Bourassa

| Line No. | Acct. No. | Description | Per Books Accum. Depr. | A Capitalized Expenses | B Intentionally Left Blank | C Intentionally Left Blank | D Intentionally Left Blank | E Intentionally Left Blank | Adjusted Accum. Depr. |
|---|---|---|---|---|---|---|---|---|---|
| 1 | | Accumulated Depreciation | | | | | | | |
| 5 | 301 | Organization Cost | $ - | | $ - | | | | $ - |
| 6 | 302 | Franchise Cost | - | | - | | | | - |
| 7 | 303 | Land and Land Rights | - | | - | | | | - |
| 8 | 304 | Structures and Improvements | 2,372 | | 2,909 | | | | 5,281 |
| 9 | 305 | Collecting and Impounding Res. | - | | - | | | | - |
| 10 | 306 | Lake River and Other Intakes | - | | - | | | | - |
| 11 | 307 | Wells and Springs | 134,526 | | 65,973 | | | | 200,499 |
| 12 | 308 | Infiltration Galleries and Tunnels | - | | - | | | | - |
| 13 | 309 | Supply Mains | - | | - | | | | - |
| 14 | 310 | Power Generation Equipment | - | | - | | | | - |
| 15 | 311 | Electric Pumping Equipment | 125,537 | 1,478 | (377) | | | | 126,638 |
| 16 | 320 | Water Treatment Equipment | 973 | | (280) | | | | 693 |
| 17 | 320.1 | Water Treatment Plant | - | | 27,007 | | | | 27,007 |
| 18 | 320.2 | Chemical Solution Feeders | - | | - | | | | - |
| 19 | 330 | Dist. Reservoirs & Standpipe | 66,043 | | (6,088) | | | | 59,955 |
| 20 | 330.1 | Storage tanks | - | | - | | | | - |
| 21 | 330.2 | Pressure Tanks | - | | - | | | | - |
| 22 | 331 | Trans. and Dist. Mains | 539,926 | | (23,884) | | | | 516,042 |
| 23 | 333 | Services | 769 | | 880 | | | | 1,649 |
| 24 | 334 | Meters | 101,418 | | (8,939) | | | | 92,479 |
| 25 | 335 | Hydrants | - | | - | | | | - |
| 26 | 336 | Backflow Prevention Devices | 750 | | 203 | | | | 953 |
| 27 | 339 | Other Plant and Misc. Equip. | - | | - | | | | - |
| 28 | 340 | Office Furniture and Fixtures | 13,968 | | 1,030 | | | | 14,998 |
| 29 | 340.1 | Computers and Software | - | | - | | | | - |
| 30 | 341 | Transportation Equipment | 24,283 | | (991) | | | | 23,292 |
| 31 | 342 | Stores Equipment | - | | - | | | | - |
| 32 | 343 | Tools and Work Equipment | - | | - | | | | - |
| 33 | 344 | Laboratory Equipment | - | | - | | | | - |
| 34 | 345 | Power Operated Equipment | 1,202 | | 765 | | | | 1,967 |
| 35 | 346 | Communications Equipment | - | | - | | | | - |
| 36 | 347 | Miscellaneous Equipment | 6,456 | | (4,905) | | | | 1,551 |
| 37 | 348 | Other Tangible Plant | - | | 4,424 | | | | 4,424 |
| 38 | | | | | | | | | - |
| 39 | | TOTALS | $ 1,018,223 | $ 1,478 | $ 57,727 | $ - | $ - | $ - | $ 1,077,428 |
| 40 | | | | | | | | | |
| 41 | | Accumulated Deprecaition per Books | | | | | | | $ 1,018,223 |
| 42 | | | | | | | | | |
| 43 | | Increase (decrease) in Plant-in-Service | | | | | | | $ 59,205 |
| 44 | | | | | | | | | |
| 45 | | Adjustment to Plant-in-Service | | | | | | | $ 59,205 |
| 46 | | | | | | | | | |
| 47 | | SUPPORTING SCHEDULES | | | | | | | |
| 48 | | B-2, pages 3.1 to 3.9 | | | | | | | |
| 49 | | | | | | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment 3

Exhibit
Schedule B-2
Page 5
Witness: Bourassa

| Line No. | | Gross CIAC | Accum. Amort. |
|---|---|---|---|
| 1 | CIAC and Accumulated Amortization | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | Computed balance at 6/30/2009 | $ 333,555 | $ 83,901 |
| 6 | | | |
| 7 | Book balance at 6/30/2009 | $ 333,555 | $ 193,151 |
| 8 | | | |
| 9 | Increase (decrease) | $ - | $ (109,250) |
| 10 | | | |
| 11 | | | |
| 12 | Adjustment to CIAC | $ - | $ 109,250 |
| 13 | Label | 3a | 3b |
| 14 | | | |
| 15 | | | |
| 16 | | | |
| 17 | | | |
| 18 | | | |
| 19 | SUPPORTING SCHEDULES | | |
| 20 | B-2, page 6.1 to 6.3 | | |
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | | | |
| 25 | | | |
| 26 | | | |
| 27 | | | |
| 28 | | | |
| 29 | | | |
| 30 | | | |
| 31 | | | |
| 32 | | | |
| 33 | | | |
| 34 | | | |
| 35 | | | |
| 36 | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 4

Exhibit
Schedule B-2
Page 5.1
Witness: Bourassa

| Line No. | | Balance at 9/30/2003 | 2004 Activity | Balance at 9/30/2004 | 2005 Activity | Balance at 9/30/2005 |
|---|---|---|---|---|---|---|
| 4 | CIAC | 104,819 | 10,760 | 115,579 | 41,749 | 157,328 |
| 7 | *Amortization* | 34,986 | 5,510 | 40,496 | 5,057 | 45,553 |
| 10 | Composite Amortization Rate | | 5.0000% | | 3.7058% | |
| 35 | **Total CIAC Water** | **104,819** | | **115,579** | | **157,328** |
| 24 | **Total Accum Amort.** | **34,986** | | **40,496** | | **45,553** |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 4

Exhibit
Schedule B-2
Page 5.2
Witness: Bourassa

| Line No. | | 2006 Activity | Balance at 9/30/2006 | 2007 Activity | Balance at 9/30/2007 |
|---|---|---|---|---|---|
| 4 | CIAC | 125,975 | 283,303 | 13,900 | 297,203 |
| 7 | Amortization | 8,533 | 54,086 | 11,238 | 65,324 |
| 10 | Composite Amortization Rate | 3.8730% | | 3.8719% | |
| 35 | **Total CIAC Water** | | **283,303** | | **297,203** |
| 24 | **Total Accum Amort.** | | **54,086** | | **65,324** |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 4

Exhibit
Schedule B-2
Page 5.3
Witness: Bourassa

| Line No. | | 2008 Activity | Balance at 9/30/2008 | 9 Months Oct-Jun 2009 | Balance at 6/30/2009 |
|---|---|---|---|---|---|
| 4 | CIAC | 36,352 | 333,555 | - | 333,555 |
| 7 | Amortization | 12,014 | 77,337 | 6,563 | 83,901 |
| 10 | Composite Amortization Rate | 3.8092% | | 1.9676% | |
| 35 | **Total CIAC Water** | | **333,555** | | **333,555** |
| 24 | **Total Accum Amort.** | | **77,337** | | **83,901** |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Computation of Working Capital

Exhibit
Schedule B-5
Page 1
Witness: Bourassa

| Line No. | | | |
|---|---|---|---|
| 1 | Cash Working Capital (1/8 of Allowance | | |
| 2 | Operation and Maintenance Expense) | $ | 30,770 |
| 3 | Pumping Power (1/24 of Pumping Power) | | 3,104 |
| 4 | Purchased Water (1/24 of Purchased Water) | | - |
| 5 | Materials and Supplies | | 4,220 |
| 6 | Prepaids | | 1,583 |
| 7 | | | |
| 8 | | | |
| 9 | Total Working Capital Allowance | $ | 39,677 |
| 10 | | | |
| 11 | | | |
| 12 | Working Capital Requested | $ | - |
| 13 | | | |
| 14 | | | |
| 15 | SUPPORTING SCHEDULES: | RECAP SCHEDULES: | |
| 16 | E-1 | B-1 | |
| 17 | | | |
| 18 | | | Adjusted |
| 19 | Cash Working Capital Detail | | Test Year Results |
| 20 | | | |
| 21 | Total Operating Expense | $ | 440,721 |
| 22 | Less: | | |
| 23 | Income Tax | | (23,603) |
| 24 | Property Tax | | 26,078 |
| 25 | Depreciation | | 117,586 |
| 26 | Purchased Water | | - |
| 27 | Pumping Power | | 74,502 |
| 28 | Allowable Expenses | $ | 246,158 |
| 29 | 1/8 of allowable expenses | $ | 30,770 |
| 30 | | | |
| 31 | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Income Statement

Exhibit
Schedule C-1
Page 1
Witness: Bourassa

| Line No. | | Test Year Book Results | Label | Adjustment | Test Year Adjusted Results | Proposed Rate Increase | Adjusted with Rate Increase |
|---|---|---|---|---|---|---|---|
| 1 | **Revenues** | | | | | | |
| 2 | Metered Water Revenues | $ 474,494 | 4 | $ 6,999 | $ 481,492 | $ 203,528 | $ 685,021 |
| 3 | Unmetered Water Revenues | - | | | - | | - |
| 4 | Other Water Revenues | 6,778 | | | 6,778 | | 6,778 |
| 5 | | $ 481,272 | | $ 6,999 | $ 488,270 | $ 203,528 | $ 691,799 |
| 6 | **Operating Expenses** | | | | | | |
| 7 | Salaries and Wages | $ 150,775 | | | $ 150,775 | | $ 150,775 |
| 8 | Purchased Water | - | | | - | | - |
| 9 | Purchased Power | 72,256 | 5 | 2,246 | 74,502 | | 74,502 |
| 10 | Fuel for Power Production | 4,217 | | | 4,217 | | 4,217 |
| 11 | Chemicals | 742 | 6 | 23 | 765 | | 765 |
| 12 | Materials & Supplies | 53,363 | 7 | (31,523) | 21,840 | | 21,840 |
| 13 | Outside Services | (2,908) | 8a | 2,908 | - | | - |
| 14 | Outside Services- Legal | (295) | 8b | 295 | - | | - |
| 15 | Outside Services- Other | 6,568 | | | 6,568 | | 6,568 |
| 16 | Water Testing | 7,408 | | | 7,408 | | 7,408 |
| 17 | Equipment Rental | - | | | | | |
| 18 | Rents | 11,874 | | | 11,874 | | 11,874 |
| 19 | Transportation Expenses | 7,012 | | | 7,012 | | 7,012 |
| 20 | Insurance - General Liability | 2,825 | | | 2,825 | | 2,825 |
| 21 | Insurance - Health and Life | - | | | - | | - |
| 22 | Reg. Comm. Exp. | - | | | - | | - |
| 23 | Reg. Comm. Exp. - Rate Case | - | 3 | 26,667 | 26,667 | | 26,667 |
| 24 | Miscellaneous Expense | 6,177 | | | 6,177 | | 6,177 |
| 25 | Bad Debt Expense | 31 | | | 31 | | 31 |
| 26 | Depreciation Expense | 3,817 | 1 | 113,769 | 117,586 | | 117,586 |
| 27 | Taxes Other Than Income | (1,320) | 8c | 1,320 | - | | - |
| 28 | Property Taxes | 16,497 | 2 | 9,581 | 26,078 | | 26,078 |
| 29 | Income Tax | 34,368 | 11 | (57,972) | (23,603) | 60,587 | 36,983 |
| 30 | **Total Operating Expenses** | $ 373,406 | | $ 67,315 | $ 440,721 | $ 60,587 | $ 501,308 |
| 31 | **Operating Income** | $ 107,866 | | $ (60,316) | $ 47,550 | $ 142,942 | $ 190,491 |
| 32 | **Other Income (Expense)** | | | | | | |
| 33 | Interest Income | - | | | - | | - |
| 34 | Other income (loss) | 46,732 | 9a | (46,732) | - | | - |
| 35 | Interest Expense | (67,699) | 10 | (35,538) | (103,237) | | (103,237) |
| 36 | Other Expense | (1,913) | 9b | 1,913 | - | | - |
| 37 | | - | | | - | | - |
| 38 | **Total Other Income (Expense)** | $ (22,881) | | $ (80,356) | $ (103,237) | $ - | $ (103,237) |
| 39 | **Net Profit (Loss)** | $ 84,985 | | $ (140,672) | $ (55,687) | $ 142,942 | $ 87,254 |
| 40 | | | | | | | |
| 41 | SUPPORTING SCHEDULES: | | | | | RECAP SCHEDULES: | |
| 42 | C-2 | | | | | A-1 | |
| 43 | E-2 | | | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Adjustments to Revenues and Expenses

Exhibit
Schedule C-2
Page 1
Witness: Bourassa

| Line No. | | Adjustments to Revenues and Expenses | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | 1 Depreciation Expense | 2 Property Taxes | 3 Rate Case Expense | 4 Revenue Annualization | 5 Annualize Purch. Power | 6 Annualize Chemicals Expense | Subtotal |
| 3 | Revenues | | | | 6,999 | | | 6,999 |
| 5 | Expenses | 113,769 | 9,581 | 26,667 | | 2,246 | 23 | 152,287 |
| 8 | Operating Income | (113,769) | (9,581) | (26,667) | 6,999 | (2,246) | (23) | (145,288) |
| 11 | Interest Expense | | | | | | | - |
| 14 | Other Income / Expense | | | | | | | - |
| 16 | Net Income | (113,769) | (9,581) | (26,667) | 6,999 | (2,246) | (23) | (145,288) |

| | | Adjustments to Revenues and Expenses | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | 7 Capitalized Expenses | 8 Remove Negative Expense | 9 Other Income/ Expense | 10 Interest Synchronization | 11 Income Taxes | 12 Blank | Subtotal |
| 22 | Revenues | | | | | | | 6,999 |
| 24 | Expenses | (31,523) | 4,522 | | | (57,972) | | 67,315 |
| 27 | Operating Income | 31,523 | (4,522) | - | - | 57,972 | - | (60,316) |
| 30 | Interest Expense | | | | (35,538) | | | (35,538) |
| 33 | Other Income / Expense | | | (44,818) | | | | (44,818) |
| 35 | Net Income | 31,523 | (4,522) | (44,818) | (35,538) | 57,972 | - | (140,672) |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Adjustments to Revenues and Expenses
Adjustment Number 1

Exhibit
Schedule C-2
Page 2
Witness: Bourassa

| Line No. | | | | | | |
|---|---|---|---|---|---|---|
| 1 | Depreciation Expense | | | | | |
| 2 | | | | | | |
| 3 | Acct. | | Adjusted Original | Proposed | Depreciation | |
| 4 | No. | Description | Cost | Rates | Expense | |
| 5 | 301 | Organization Cost | - | 0.00% | - | |
| 6 | 302 | Franchise Cost | - | 0.00% | - | |
| 7 | 303 | Land and Land Rights | 217 | 0.00% | - | |
| 8 | 304 | Structures and Improvements | 12,229 | 3.33% | 407 | |
| 9 | 305 | Collecting and Impounding Res. | - | 2.50% | - | |
| 10 | 306 | Lake River and Other Intakes | - | 2.50% | - | |
| 11 | 307 | Wells and Springs | 309,094 | 3.33% | 10,293 | |
| 12 | 308 | Infiltration Galleries and Tunnels | - | 6.67% | - | |
| 13 | 309 | Supply Mains | - | 2.00% | - | |
| 14 | 310 | Power Generation Equipment | - | 5.00% | - | |
| 15 | 311 | Electric Pumping Equipment | 119,815 | 12.50% | 14,977 | |
| 16 | 320 | Water Treatment Equipment | 1,740 | 3.33% | 58 | |
| 17 | 320.1 | Water Treatment Plant | 2,162,694 | 3.33% | 72,018 | |
| 18 | 320.2 | Chemical Solution Feeders | - | 20.00% | - | |
| 19 | 330 | Dist. Reservoirs & Standpipe | 99,896 | 2.22% | 2,218 | |
| 20 | 330.1 | Storage tanks | - | 2.22% | - | |
| 21 | 330.2 | Pressure Tanks | - | 5.00% | - | |
| 22 | 331 | Trans. and Dist. Mains | 924,616 | 2.00% | 18,492 | |
| 23 | 333 | Services | 2,427 | 3.33% | 81 | |
| 24 | 334 | Meters | 101,418 | 8.33% | 8,448 | |
| 25 | 335 | Hydrants | - | 2.00% | - | |
| 26 | 336 | Backflow Prevention Devices | 1,137 | 6.67% | 76 | |
| 27 | 339 | Other Plant and Misc. Equip. | - | 6.67% | - | |
| 28 | 340 | Office Furniture and Fixtures | 28,306 | 6.67% | 1,888 | |
| 29 | 340.1 | Computers and Software | - | 20.00% | - | |
| 30 | 341 | Transportation Equipment | 23,292 | 20.00% | - | * |
| 31 | 342 | Stores Equipment | - | 4.00% | - | |
| 32 | 343 | Tools and Work Equipment | - | 5.00% | - | |
| 33 | 344 | Laboratory Equipment | - | 10.00% | - | |
| 34 | 345 | Power Operated Equipment | 2,592 | 5.00% | 130 | |
| 35 | 346 | Communications Equipment | - | 10.00% | - | |
| 36 | 347 | Miscellaneous Equipment | 3,165 | 10.00% | 317 | |
| 37 | 348 | Other Tangible Plant | 4,424 | 10.00% | - | * |
| 38 | | | | | | |
| 39 | | TOTALS | $ 3,797,062 | | $ 129,401 | |
| 40 | | | | | | |
| 41 | | | | | | |
| 42 | Less: Amortization of Contributions | | $ 333,555 | 3.5423% | $ (11,816) | |
| 43 | | | | | | |
| 44 | | | | | | |
| 45 | | | | | | |
| 46 | Total Depreciation Expense | | | | $ 117,586 | |
| 47 | | | | | | |
| 48 | Test Year Depreciation Expense | | | | 3,817 | |
| 49 | | | | | | |
| 50 | Increase (decrease) in Depreciation Expense | | | | 113,769 | |
| 51 | | | | | | |
| 52 | Adjustment to Revenues and/or Expenses | | | | $ 113,769 | |
| 53 | | | | | | |
| 54 | SUPPORTING SCHEDULE | | | | | |
| 55 | B-2, page 3 | | * Fully Depreciated | | | |
| 56 | B-2, page 6 | | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Adjustment to Revenues and Expenses
Adjustment Number 2

Exhibit
Schedule C-2
Page 3
Witness: Bourassa

| Line No. | | | |
|---|---|---|---|
| 1 | Property Taxes: | | |
| 2 | | | |
| 3 | Adjusted Revenues in year ended 6/30/09 | $ | 488,270 |
| 4 | Adjusted Revenues in year ended 6/30/09 | | 488,270 |
| 5 | Proposed Revenues | | 691,799 |
| 6 | Average of three year's of revenue | $ | 556,113 |
| 7 | Average of three year's of revenue, times 2 | $ | 1,112,226 |
| 8 | Add: | | |
| 9 | Construction Work in Progess at 10% | $ | - |
| 10 | Deduct: | | |
| 11 | Book Value of Transportation Equipment | | 23,292 |
| 12 | | | |
| 13 | Full Cash Value | $ | 1,088,934 |
| 14 | Assessment Ratio | | 21% |
| 15 | Assessed Value | | 228,676 |
| 16 | *Property Tax Rate* | | 11.4039% |
| 17 | | | |
| 18 | Property Tax | | 26,078 |
| 19 | Plus: Tax on Parcels | | 0 |
| 20 | | | |
| 21 | Total Property Tax at Proposed Rates | $ | 26,078 |
| 22 | Property Taxes recorded during the test year | | 16,497 |
| 23 | Change in Property Taxes | $ | 9,581 |
| 24 | | | |
| 25 | | | |
| 26 | Adjustment to Revenues and/or Expenses | $ | 9,581 |
| 27 | | | |
| 28 | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 3

Exhibit
Schedule C-2
Page 4
Witness: Bourassa

| Line No. | | | |
|---|---|---|---|
| 1 | Rate Case Expense | | |
| 2 | | | |
| 3 | Estimated Rate Case Expense | $ | 80,000 |
| 4 | | | |
| 5 | Rate Case Expense | $ | 80,000 |
| 6 | | | |
| 7 | Estimated Amortization Period (in Years) | | 3.0 |
| 8 | | | |
| 9 | Annual Rate Case Expense | $ | 26,667 |
| 10 | | | |
| 11 | Test Year Rate Case Expense | $ | - |
| 12 | | | |
| 13 | Increase(decrease) Rate Case Expense | $ | 26,667 |
| 14 | | | |
| 15 | *Adjustment to Revenue and/or Expense* | $ | 26,667 |
| 16 | | | |
| 17 | | | |
| 18 | | | |
| 19 | | | |
| 20 | | | |
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Adjustment to Revenues and Expenses
Adjustment Number 4

Exhibit
Schedule C-2
Page 5
Witness: Bourassa

| Line No. | | | |
|---|---|---|---|
| 1 | Revenue Annualization | | |
| 2 | | | |
| 3 | | | |
| 4 | Revenue Annualization | $ | 6,999 |
| 5 | | | |
| 6 | | | |
| 7 | | | |
| 8 | Total Revenue from Annualization | $ | 6,999 |
| 9 | | | |
| 10 | | | |
| 11 | Adjustment to Revenue and/or Expense | $ | 6,999 |
| 12 | | | |
| 13 | SUPPORTING SCHEDULES | | |
| 14 | C-2 pages 5.1 to 5.7 | | |
| 15 | H-1 | | |
| 16 | | | |
| 17 | | | |
| 18 | | | |
| 19 | | | |
| 20 | | | |

**Las Quintas Serenas Water Company**
5/8 Inch
Customers to Year End Levels
Test Year Ended June 30, 2009

Exhibit
Schedule C-2
Page 5.1
Witness: Bourassa

| Line No. | | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 |
|---|---|---|---|---|---|---|---|---|
| 1 | Year End Number of Customers | 814 | 814 | 814 | 814 | 814 | 814 | 814 |
| 2 | Actual Customers | 817 | 826 | 823 | 818 | 821 | 823 | 824 |
| 3 | Increase in Number of Customers/Bills | (3) | (12) | (9) | (4) | (7) | (9) | (10) |
| 4 | Average Revenue / Present Rates | $ 25.25 | $ 21.68 | $ 21.66 | $ 22.13 | $ 23.40 | $ 19.12 | $ 18.40 |
| 5 | Revenue Annualization / Present Rates | $ (76) | $ (260) | $ (195) | $ (89) | $ (164) | $ (172) | $ (184) |
| 6 | | | | | | | | |
| 7 | Increase in Number of Customers | (3) | (12) | (9) | (4) | (7) | (9) | (10) |
| 8 | Average Revenue / Proposed Rates | $ 53.88 | $ 44.57 | $ 44.51 | $ 45.74 | $ 49.06 | $ 38.70 | $ 37.20 |
| 9 | Revenue Annualization / Proposed Rates | $ (162) | $ (535) | $ (401) | $ (183) | $ (343) | $ (348) | $ (372) |
| 10 | Additional Gallons to be Produced | (41,883) | (130,263) | (97,516) | (44,981) | (86,462) | (77,631) | (79,981) |
| 11 | | | | | | | | |
| 12 | | | | | | | | |
| 13 | | | | | | | | |
| 14 | | | | | | | | |

| Line No. | | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year |
|---|---|---|---|---|---|---|---|
| 15 | Year End Number of Customers | 814 | 814 | 814 | 814 | 814 | |
| 16 | Actual Customers | 823 | 826 | 810 | 813 | 814 | |
| 17 | Increase in Number of Customers/Bills | (9) | (12) | 4 | 1 | - | (70) |
| 18 | Average Revenue / Present Rates | $ 18.03 | $ 19.85 | $ 21.03 | $ 21.87 | $ 26.66 | |
| 19 | Revenue Annualization / Present Rates | $ (162) | $ (238) | $ 84 | $ 22 | $ - | $ (1,434) |
| 20 | | | | | | | |
| 21 | Increase in Number of Customers | (9) | (12) | 4 | 1 | - | |
| 22 | Average Revenue / Proposed Rates | $ 36.43 | $ 40.23 | $ 42.86 | $ 45.05 | $ 57.55 | |
| 23 | Revenue Annualization / Proposed Rates | $ (162) | $ (238) | $ 84 | $ 22 | $ - | $ (2,938) |
| 24 | Additional Gallons to be Produced | (69,101) | (111,129) | 41,150 | 11,017 | - | (686,779) |

**Las Quintas Serenas Water Company**
3/4 Inch
Customers to Year End Levels
Test Year Ended June 30, 2009

Exhibit
Schedule C-2
*Page 5.2*
Witness: Bourassa

| Line No. | | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 |
|---|---|---|---|---|---|---|---|---|
| 1 | Year End Number of Customers | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| 2 | Actual Customers | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| 3 | Increase in Number of Customers/Bills | - | - | - | - | - | - | - |
| 4 | Average Revenue / Present Rates | $ 43.55 | $ 37.99 | $ 42.02 | $ 44.89 | $ 45.66 | $ 37.61 | $ 35.12 |
| 5 | Revenue Annualization / Present Rates | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 6 | | | | | | | | |
| 7 | Increase in Number of Customers | - | - | - | - | - | - | - |
| 8 | Average Revenue / Proposed Rates | $ 79.00 | $ 64.50 | $ 75.00 | $ 82.50 | $ 84.50 | $ 63.50 | $ 57.00 |
| 9 | Revenue Annualization / Proposed Rates | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 10 | Additional Gallons to be Produced | - | - | - | - | - | - | - |
| 11 | | | | | | | | |

| Line No. | | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year |
|---|---|---|---|---|---|---|---|
| 12 | | | | | | | |
| 13 | | | | | | | |
| 14 | | | | | | | |
| 15 | Year End Number of Customers | 6 | 6 | 6 | 6 | 6 | |
| 16 | Actual Customers | 6 | 6 | 6 | 6 | 6 | |
| 17 | Increase in Number of Customers/Bills | - | - | - | - | - | - |
| 18 | Average Revenue / Present Rates | $ 35.31 | $ 35.31 | $ 36.84 | $ 37.80 | $ 43.55 | |
| 19 | Revenue Annualization / Present Rates | $ - | $ - | $ - | $ - | $ - | $ - |
| 20 | | | | | | | |
| 21 | Increase in Number of Customers | - | - | - | - | - | |
| 22 | Average Revenue / Proposed Rates | $ 57.50 | $ 57.50 | $ 61.50 | $ 64.00 | $ 79.00 | |
| 23 | Revenue Annualization / Proposed Rates | $ - | $ - | $ - | $ - | $ - | $ - |
| 24 | Additional Gallons to be Produced | - | - | - | - | - | - |

**Las Quintas Serenas Water Company**
1 Inch
*Customers to Year End Levels*
Test Year Ended June 30, 2009

Exhibit
Schedule C-2
Page 5.3
Witness: Bourassa

| Line No. | | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 |
|---|---|---|---|---|---|---|---|---|
| 1 | Year End Number of Customers | 29 | 29 | 29 | 29 | 29 | 29 | 29 |
| 2 | Actual Customers | 27 | 27 | 28 | 28 | 28 | 27 | 28 |
| 3 | Increase in Number of Customers/Bills | 2 | 2 | 1 | 1 | 1 | 2 | 1 |
| 4 | Average Revenue / Present Rates | $ 54.20 | $ 50.96 | $ 44.82 | $ 44.82 | $ 46.17 | $ 39.89 | $ 36.19 |
| 5 | Revenue Annualization / Present Rates | $ 108 | $ 102 | $ 45 | $ 45 | $ 46 | $ 80 | $ 36 |
| 6 | | | | | | | | |
| 7 | Increase in Number of Customers | 2 | 2 | 1 | 1 | 1 | 2 | 1 |
| 8 | Average Revenue / Proposed Rates | $ 111.17 | $ 104.18 | $ 91.36 | $ 91.36 | $ 94.19 | $ 81.07 | $ 73.36 |
| 9 | Revenue Annualization / Proposed Rates | $ 222 | $ 208 | $ 91 | $ 91 | $ 94 | $ 162 | $ 73 |
| 10 | *Additional Gallons to be Produced* | 50,779 | 45,149 | 17,233 | 17,233 | 18,411 | 25,890 | 9,733 |
| 11 | | | | | | | | |

| Line No. | | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year |
|---|---|---|---|---|---|---|---|
| 12 | | | | | | | |
| 13 | | | | | | | |
| 14 | | | | | | | |
| 15 | Year End Number of Customers | 29 | 29 | 29 | 29 | 29 | |
| 16 | Actual Customers | 28 | 29 | 29 | 29 | 29 | |
| 17 | Increase in Number of Customers/Bills | 1 | - | - | - | - | 11 |
| 18 | Average Revenue / Present Rates | $ 36.66 | $ 39.44 | $ 41.00 | $ 45.26 | $ 53.37 | |
| 19 | Revenue Annualization / Present Rates | $ 37 | $ - | $ - | $ - | $ - | $ 499 |
| 20 | | | | | | | |
| 21 | Increase in Number of Customers | 1 | - | - | - | - | |
| 22 | Average Revenue / Proposed Rates | $ 74.34 | $ 80.13 | $ 83.39 | $ 92.29 | $ 109.21 | |
| 23 | Revenue Annualization / Proposed Rates | $ 37 | $ - | $ - | $ - | $ - | $ 1,017 |
| 24 | Additional Gallons to be Produced | 10,143 | - | - | - | - | 194,570 |

**Las Quintas Serenas Water Company**
1.5 Inch
Customers to Year End Levels
Test Year Ended June 30, 2009

Exhibit
Schedule C-2
Page 5.4
Witness: Bourassa

| Line No. | | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 |
|---|---|---|---|---|---|---|---|---|
| 1 | Year End Number of Customers | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| 2 | Actual Customers | 7 | 7 | 8 | 7 | 7 | 7 | 7 |
| 3 | Increase in Number of Customers/Bills | - | - | (1) | - | - | - | - |
| 4 | Average Revenue / Present Rates | $ 140.26 | $ 122.60 | $ 118.06 | $ 126.60 | $ 131.51 | $ 110.15 | $ 104.88 |
| 5 | Revenue Annualization / Present Rates | $ - | $ - | $ (118) | $ - | $ - | $ - | $ - |
| 6 | | | | | | | | |
| 7 | Increase in Number of Customers | - | - | (1) | - | - | - | - |
| 8 | Average Revenue / Proposed Rates | $ 292.43 | $ 246.36 | $ 234.51 | $ 256.77 | $ 269.59 | $ 215.10 | $ 204.09 |
| 9 | Revenue Annualization / Proposed Rates | $ - | $ - | $ (235) | $ - | $ - | $ - | $ - |
| 10 | Additional Gallons to be Produced | - | - | (54,838) | - | - | - | - |
| 11 | | | | | | | | |

| | | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year |
|---|---|---|---|---|---|---|---|
| 12 | | | | | | | |
| 13 | | | | | | | |
| 14 | | | | | | | |
| 15 | Year End Number of Customers | 7 | 7 | 7 | 7 | 7 | |
| 16 | Actual Customers | 7 | 7 | 7 | 7 | 7 | |
| 17 | Increase in Number of Customers/Bills | - | - | - | - | - | (1) |
| 18 | Average Revenue / Present Rates | $ 97.06 | $ 91.31 | $ 103.09 | $ 113.12 | $ 125.15 | |
| 19 | Revenue Annualization / Present Rates | $ - | $ - | $ - | $ - | $ - | $ (118) |
| 20 | | | | | | | |
| 21 | Increase in Number of Customers | - | - | - | - | - | |
| 22 | Average Revenue / Proposed Rates | $ 187.77 | $ 175.77 | $ 200.36 | $ 221.63 | $ 253.00 | |
| 23 | Revenue Annualization / Proposed Rates | $ - | $ - | $ - | $ - | $ - | $ (235) |
| 24 | Additional Gallons to be Produced | - | - | - | - | - | (54,838) |

**Las Quintas Serenas Water Company**
2 Inch
Customers to Year End Levels
Test Year Ended June 30, 2009

Exhibit
Schedule C-2
Page 5.5
Witness: Bourassa

| Line No. | | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 |
|---|---|---|---|---|---|---|---|---|
| 1 | Year End Number of Customers | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| 2 | Actual Customers | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| 3 | Increase in Number of Customers/Bills | - | - | - | - | - | - | - |
| 4 | Average Revenue / Present Rates | $ 683.48 | $ 342.43 | $ 306.12 | $ 304.77 | $ 225.11 | $ 102.20 | $ 99.90 |
| 5 | Revenue Annualization / Present Rates | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 6 | | | | | | | | |
| 7 | Increase in Number of Customers | - | - | - | - | - | - | - |
| 8 | Average Revenue / Proposed Rates | $ 1,541.95 | $ 784.08 | $ 703.38 | $ 700.38 | $ 516.63 | $ 227.20 | $ 222.40 |
| 9 | Revenue Annualization / Proposed Rates | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 10 | Additional Gallons to be Produced | - | - | - | - | - | - | - |
| 11 | | | | | | | | |

| Line No. | | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year |
|---|---|---|---|---|---|---|---|
| 12 | | | | | | | |
| 13 | | | | | | | |
| 14 | | | | | | | |
| 15 | Year End Number of Customers | 4 | 4 | 4 | 4 | 4 | |
| 16 | Actual Customers | 4 | 4 | 4 | 4 | 4 | |
| 17 | Increase in Number of Customers/Bills | - | - | - | - | - | - |
| 18 | Average Revenue / Present Rates | $ 111.11 | $ 118.59 | $ 177.67 | $ 227.55 | $ 371.09 | |
| 19 | Revenue Annualization / Present Rates | $ - | $ - | $ - | $ - | $ - | $ - |
| 20 | | | | | | | |
| 21 | Increase in Number of Customers | - | - | - | - | - | |
| 22 | Average Revenue / Proposed Rates | $ 245.80 | $ 261.40 | $ 392.88 | $ 523.00 | $ 847.75 | |
| 23 | Revenue Annualization / Proposed Rates | $ - | $ - | $ - | $ - | $ - | $ - |
| 24 | Additional Gallons to be Produced | - | - | - | - | - | - |

**Las Quintas Serenas Water Company**
4 Inch
Customers to Year End Levels
Test Year Ended June 30, 2009

Exhibit
Schedule C-2
Page 5.6
Witness: Bourassa

| Line No. | | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 |
|---|---|---|---|---|---|---|---|---|
| 1 | Year End Number of Customers | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| 2 | Actual Customers | 1 | 1 | 1 | 1 | 1 | 2 | 2 |
| 3 | Increase in Number of Customers/Bills | 1 | 1 | 1 | 1 | 1 | - | - |
| 4 | Average Revenue / Present Rates | $ 2,055.39 | $ 1,020.48 | $ 1,606.11 | $ 1,834.53 | $ 1,190.17 | $ 313.44 | $ 277.04 |
| 5 | Revenue Annualization / Present Rates | $ 2,055 | $ 1,020 | $ 1,606 | $ 1,834.53 | $ 1,190 | $ - | $ - |
| 6 | | | | | | | | |
| 7 | Increase in Number of Customers | 1 | 1 | 1 | 1 | 1 | - | - |
| 8 | Average Revenue / Proposed Rates | $ 4,595.30 | $ 2,295.50 | $ 3,596.90 | $ 4,104.50 | $ 2,672.60 | $ 684.56 | $ 608.60 |
| 9 | Revenue Annualization / Proposed Rates | $ 4,595 | $ 2,296 | $ 3,597 | $ 4,104.50 | $ 2,673 | $ - | $ - |
| 10 | Additional Gallons to be Produced | *1,415,100* | *648,500* | *1,082,300* | *1,251,500* | 774,200 | - | - |
| 11 | | | | | | | | |
| 12 | | | | | | | | |
| 13 | | | | | | | | |
| 14 | | | | | | | | |

| Line No. | | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year |
|---|---|---|---|---|---|---|---|
| 15 | Year End Number of Customers | 2 | 2 | 2 | 2 | 2 | |
| 16 | Actual Customers | 2 | 2 | 2 | 2 | 2 | |
| 17 | Increase in Number of Customers/Bills | - | - | - | - | - | 5 |
| 18 | Average Revenue / Present Rates | $ 323.90 | $ 276.46 | $ 448.10 | $ 551.54 | $ 818.18 | |
| 19 | Revenue Annualization / Present Rates | $ - | $ - | $ - | $ - | $ - | $ 7,707 |
| 20 | | | | | | | |
| 21 | Increase in Number of Customers | - | - | - | - | - | |
| 22 | Average Revenue / Proposed Rates | $ 706.40 | $ 607.40 | $ 965.60 | $ 1,201.85 | $ 1,845.95 | |
| 23 | Revenue Annualization / Proposed Rates | $ - | $ - | $ - | $ - | $ - | $ 17,265 |
| 24 | Additional Gallons to be Produced | - | - | - | - | - | 5,171,600 |

**Las Quintas Serenas Water Company**
Standpipe
Customers to Year End Levels
Test Year Ended June 30, 2009

Exhibit
Schedule C-2
Page 5.7
Witness: Bourassa

| Line No. | | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 |
|---|---|---|---|---|---|---|---|---|
| 1 | Year End Number of Customers | 157 | 157 | 157 | 157 | 157 | 157 | 157 |
| 2 | Actual Customers | 159 | 159 | 158 | 155 | 155 | 155 | 152 |
| 3 | Increase in Number of Customers/Bills | (2) | (2) | (1) | 2 | 2 | 2 | 5 |
| 4 | Average Revenue / Present Rates | $ 26.68 | $ 23.78 | $ 22.05 | $ 21.64 | $ 21.26 | $ 19.85 | $ 18.42 |
| 5 | Revenue Annualization / Present Rates | $ (53) | $ (48) | $ (22) | $ 43 | $ 43 | $ 40 | $ 92 |
| 6 | | | | | | | | |
| 7 | *Increase in Number of Customers* | (2) | (2) | (1) | 2 | 2 | 2 | 5 |
| 8 | Average Revenue / Proposed Rates | $ 57.55 | $ 49.97 | $ 45.45 | $ 44.40 | $ 43.41 | $ 40.23 | $ 37.24 |
| 9 | Revenue Annualization / Proposed Rates | $ (115) | $ (100) | $ (45) | $ 89 | $ 87 | $ 80 | $ 186 |
| 10 | Additional Gallons to be Produced | (30,234) | (25,183) | (11,083) | 21,465 | 20,807 | 18,356 | 39,657 |
| 11 | | | | | | | | |
| 12 | | | | | | | | |
| 13 | | | | | | | | |
| 14 | | | | | | | | |

| Line No. | | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year |
|---|---|---|---|---|---|---|---|
| 15 | Year End Number of Customers | 157 | 157 | 157 | 157 | 157 | |
| 16 | Actual Customers | 153 | 156 | 152 | 155 | 157 | |
| 17 | Increase in Number of Customers/Bills | 4 | 1 | 5 | 2 | - | 18 |
| 18 | Average Revenue / Present Rates | $ 18.90 | $ 20.86 | $ 21.00 | $ 24.49 | $ 35.39 | |
| 19 | Revenue Annualization / Present Rates | $ 76 | $ 21 | $ 105 | $ 49 | $ - | $ 345 |
| 20 | | | | | | | |
| 21 | Increase in Number of Customers | 4 | 1 | 5 | 2 | - | |
| 22 | Average Revenue / Proposed Rates | $ 38.22 | $ 42.35 | $ 42.72 | $ 51.83 | $ 80.26 | |
| 23 | Revenue Annualization / Proposed Rates | $ 76 | $ 21 | $ 105 | $ 49 | $ - | $ 694 |
| 24 | Additional Gallons to be Produced | 33,374 | 10,048 | 50,874 | 26,420 | - | 154,502 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Adjustment to Revenues and Expenses
Adjustment Number 5

Exhibit
Schedule C-2
Page 6
Witness: Bourassa

| Line No. | | | |
|---|---|---|---|
| 1 | Annualize Purchase Power Expense | | |
| 2 | | | |
| 3 | Test Year Purchased Power Expense | $ | 72,256 |
| 4 | | | |
| 5 | | | |
| 6 | Total Adjusted Purchased Power Expense | $ | 72,256 |
| 7 | | | |
| 8 | Gallon Sold during Test Year (in 1,000's) | | 154,233 |
| 9 | | | |
| 10 | Cost per 1,000 gallons | $ | 0.47 |
| 11 | | | |
| 12 | Additional Gallons from Revenue Annualization (in 1,000's) | | 4,779 |
| 13 | | | |
| 14 | | | |
| 15 | Increase (decrease) in Purchased Power | $ | 2,246 |
| 16 | | | |
| 17 | Adjustment to Revenue and/or Expense | $ | 2,246 |
| 18 | | | |
| 19 | | | |
| 20 | | | |
| 21 | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Adjustment to Revenues and Expenses
Adjustment Number 6

Exhibit
Schedule C-2
Page 7
Witness: Bourassa

| Line No. | | | |
|---|---|---|---|
| 1 | Annualize Chemicals Expense | | |
| 2 | | | |
| 3 | Test Year Chemicals Expense | $ | 742 |
| 4 | | | |
| 5 | Gallon Sold during Test Year (in 1,000's) | | 154,233 |
| 6 | | | |
| 7 | Cost per 1,000 gallons | $ | 0.0048 |
| 8 | | | |
| 9 | Additional Gallons from Revenue Annualization | | 4,779 |
| 10 | | | |
| 11 | | | |
| 12 | Increase (decrease) in Purchased Power | $ | 23 |
| 13 | | | |
| 14 | Adjustment to Revenue and/or Expense | $ | 23 |
| 15 | | | |
| 16 | | | |
| 17 | | | |
| 18 | | | |
| 19 | | | |
| 20 | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Adjustment to Revenues and Expenses
Adjustment Number 7

Exhibit
Schedule C-2
Page 8
Witness: Bourassa

| Line No. | | | |
|---|---|---|---|
| 1 | Remove Capitalized Expenses | | |
| 2 | | | |
| 3 | | | |
| 4 | Gilbert Pump - Bowl assembly replacement/Bail, purge,dip/Bake 50 hp motor | $ | (31,523) |
| 5 | | | |
| 6 | | | |
| 7 | | | |
| 8 | Increase (decrease) in Materials and Supplies | $ | (31,523) |
| 9 | | | |
| 10 | | | |
| 11 | Adjustment to Revenue and/or Expense | $ | (31,523) |
| 12 | | | |
| 13 | | | |
| 14 | | | |
| 15 | | | |
| 16 | | | |
| 17 | | | |
| 18 | | | |
| 19 | | | |
| 20 | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Adjustment to Revenues and Expenses
Adjustment Number 8

*Exhibit*
Schedule C-2
Page 9
Witness: Bourassa

| Line No. | | | | |
|---|---|---|---|---|
| 1 | Remove negative expenses | | | |
| 2 | | | | |
| 3 | | | | Label |
| 4 | Outside Services | $ | 2,908 | 8a |
| 5 | Outside Services- Legal | | 295 | 8b |
| 6 | Taxes Other Than Income | | 1,320 | 8c |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | Adjustment to Revenue and/or Expense | $ | 4,522 | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Adjustment to Revenues and Expenses
Adjustment Number 9

*Exhibit*
Schedule C-2
Page 11
Witness: Bourassa

| Line No. | | | | |
|---|---|---|---|---|
| 1 | Remove Other Income/Expense to eliminate impact on income taxes | | | |
| 2 | | | | |
| 3 | | | | Label |
| 4 | Test Year Other Income | $ | (46,732) | 8a |
| 5 | | | | |
| 6 | Test Year Other Expense | | 1,913 | 8b |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | Adjustment to Revenue and/or Expense | $ | (44,818) | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Adjustment to Revenues and Expenses
Adjustment Number 10

Exhibit
Schedule C-2
Page 11
Witness: Bourassa

| Line No. | | | |
|---|---|---|---|
| 1 | Interest Synchronization | | |
| 2 | | | |
| 3 | | | |
| 4 | Fair Value Rate Base | $ 2,109,537 | |
| 5 | Weighted Cost of Debt | 4.89% | |
| 6 | Interest Expense | | $ 103,237 |
| 7 | | | |
| 8 | Test Year Interest Expense | | $ 67,699 |
| 9 | | | |
| 10 | Increase (decrease) in Interest Expense | | 35,538 |
| 11 | | | |
| 12 | | | |
| 13 | | | |
| 14 | Adjustment to Revenue and/or Expense | | $ (35,538) |
| 15 | | | |
| 16 | | | |
| 17 | Weighted Cost of Debt Computation | | |

| 18 | | | | | | Weighted |
|---|---|---|---|---|---|---|
| 19 | | Amount | Percent | Cost | | Cost |
| 20 | Debt | $ 1,723,869 | 74.15% | 6.60% | | 4.89% |
| 21 | Equity | $ 601,011 | 25.85% | 16.00% | | 4.14% |
| 22 | Total | $ 2,324,880 | 100.00% | | | 9.03% |
| 23 | | | | | | |
| 24 | | | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Adjustment to Revenues and/or Expenses
Adjustment Number 11

Exhibit
Schedule C-2
Page 12
Witness: Bourassa

| Line No. | | | | | |
|---|---|---|---|---|---|
| 1 | Income Tax Computation | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | Adjusted with Rate Increase | |
| 5 | | | | | |
| 6 | | | | | |
| 7 | Taxable Income | | $ (79,291) | $ 124,238 | |
| 8 | | | | | |
| 9 | Taxable Income | | $ (79,291) | $ 124,238 | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| 13 | Income Before Taxes | | | $ 124,238 | |
| 14 | | | | | |
| 15 | Arizona Income Before Taxes | | | $ 124,238 | |
| 16 | | | | | |
| 17 | Less Arizona Income Tax | | | $ 8,657 | |
| 18 | Rate = | 6.97% | | | |
| 19 | Arizona Taxable Income | | | $ 115,581 | |
| 20 | | | | | |
| 21 | Arizona Income Taxes | | | $ 8,657 | |
| 22 | | | | | |
| 23 | Federal Income Before Taxes | | | $ 124,238 | |
| 24 | | | | | |
| 25 | Less Arizona Income Taxes | | | $ 8,657 | |
| 26 | | | | | |
| 27 | Federal Taxable Income | | | $ 115,581 | |
| 28 | | | | | |
| 29 | | | | | |
| 30 | | | | | |
| 31 | FEDERAL INCOME TAXES: | | | | |
| 32 | 15% BRACKET | | | $ 7,500 | |
| 33 | 25% BRACKET | | | $ 6,250 | |
| 34 | 34% BRACKET | | | $ 8,500 | Federal |
| 35 | 39% BRACKET | | | $ 6,077 | Effective |
| 36 | 34% BRACKET | | | $ - | Tax |
| 37 | | | | | Rate |
| 38 | Federal Income Taxes | | | $ 28,327 | 22.80% |
| 39 | | | | | |
| 40 | | | | | |
| 41 | Total Income Tax | | | $ 36,983 | |
| 42 | | | | | |
| 43 | Overall Tax Rate | | | 29.77% | |
| 44 | | | | | |
| 45 | Income Tax at Proposed Rates Effective Rate | | $ (23,603) | | |
| 46 | | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Computation of Gross Revenue Conversion Factor

Exhibit
Schedule C-3
Page 1
Witness: Bourassa

| Line No. | Description | Percentage of Incremental Gross Revenues |
|---|---|---|
| 1 | Federal Income Taxes | 22.80% |
| 2 | | |
| 3 | State Income Taxes | 6.97% |
| 4 | | |
| 5 | Other Taxes and Expenses | 0.00% |
| 6 | | |
| 7 | | |
| 8 | Total Tax Percentage | 29.77% |
| 9 | | |
| 10 | Operating Income % = 100% - Tax Percentage | 70.23% |
| 11 | | |
| 12 | | |
| 13 | | |
| 14 | | |
| 15 | 1 = Gross Revenue Conversion Factor | |
| 16 | Operating Income % | 1.4239 |
| 17 | | |
| 18 | SUPPORTING SCHEDULES: | RECAP SCHEDULES: |
| 19 | | A-1 |
| 20 | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Comparative Income Statements

Exhibit
Schedule E-2
Page 1
Witness: Bourassa

| Line No. | | Test Year Ended 6/30/2009 | Prior Year Ended 6/30/2008 | Prior Year Ended 6/30/2007 |
|---|---|---|---|---|
| 1 | **Revenues** | | | |
| 2 | Metered Water Revenues | $ 474,494 | $ 487,852 | $ 401,754 |
| 3 | Unmetered Water Revenues | | - | - |
| 4 | Other Water Revenues | 6,778 | 11,740 | 69,145 |
| 5 | **Total Revenues** | $ 481,272 | $ 499,592 | $ 470,899 |
| 6 | **Operating Expenses** | | | |
| 7 | Salaries and Wages | $ 150,775 | $ 159,662 | $ 134,537 |
| 8 | Purchased Water | | | |
| 9 | Purchased Power | 72,256 | 46,326 | 37,353 |
| 10 | Fuel For Power Production | 4,217 | 2,407 | 3,300 |
| 11 | Chemicals | 742 | | 49 |
| 12 | Materials and Supplies | 53,363 | 17,227 | 23,366 |
| 13 | Outside Services- Engineering | (2,908) | (16,015) | (16,660) |
| 14 | Outside Services- Legal | (295) | (13,764) | (3,034) |
| 15 | Outside Services- Other | 6,568 | (1,290) | 3,868 |
| 16 | Water Testing | 7,408 | 1,895 | 3,650 |
| 17 | Equipment Rental | | 73 | 49 |
| 18 | Rents - Building and Equipment | 11,874 | 11,635 | 11,251 |
| 19 | Transportation Expenses | 7,012 | 7,732 | 6,873 |
| 20 | Insurance - General Liability | 2,825 | 2,814 | 2,446 |
| 21 | Insurance - Vehicle | | | |
| 22 | Reg. Comm. Exp. - Other | | | |
| 23 | Reg. Comm. Exp. - Rate Case | | | |
| 24 | Miscellaneous Expense | 6,177 | 12,620 | |
| 25 | Bad Debt Expense | 31 | 34 | 3,273 |
| 26 | Depreciation Expense | 3,817 | 40,751 | 10,197 |
| 27 | Taxes Other Than Income | (1,320) | 13,514 | 10,211 |
| 28 | Property Taxes | 16,497 | 15,434 | 19,107 |
| 29 | Income Tax | 34,368 | 46,223 | 45,733 |
| 30 | | | | |
| 31 | **Total Operating Expenses** | $ 373,406 | $ 347,281 | $ 295,569 |
| 32 | **Operating Income** | $ 107,866 | $ 152,311 | $ 175,330 |
| 33 | **Other Income (Expense)** | | | |
| 34 | Interest Income | | 8 | |
| 35 | Other income (loss) | 46,732 | 14,854 | 6,726 |
| 36 | Interest Expense | (67,699) | (7,350) | |
| 37 | Other Expense | (1,913) | | (9,494) |
| 38 | | | | |
| 39 | **Total Other Income (Expense)** | $ (22,881) | $ 7,512 | $ (2,767) |
| 40 | **Net Profit (Loss)** | $ 84,985 | $ 159,823 | $ 172,562 |
| 41 | | | | |
| 42 | | | | |
| 43 | | | | |
| 44 | SUPPORTING SCHEDULES: | | RECAP SCHEDULES: | |
| 45 | | | A-2 | |
| 46 | | | | |
| 47 | | | | |
| 48 | | | | |
| 49 | | | | |
| 50 | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Comparative Statements of Cash Flows

Exhibit
Schedule E-3
Page 1
Witness: Bourassa

| Line No. | | Test Year Ended 6/30/2009 | Prior Year Ended 6/30/2008 | Prior Year Ended 6/30/2007 |
|---|---|---|---|---|
| 1 | | | | |
| 2 | | | | |
| 3 | Cash Flows from Operating Activities | | | |
| 4 | Net Income | $ 84,985 | $ 159,823 | $ 172,562 |
| 5 | Adjustments to reconcile net income to net cash | | | |
| 6 | provided by operating activities: | | | |
| 7 | Depreciation and Amortization | 3,817 | 40,751 | 10,197 |
| 8 | Adjustments to Depreciation and Amortization | (8,467) | | |
| 9 | Other | 4,478 | 35,629 | 86,273 |
| 10 | Changes in Certain Assets and Liabilities: | | | |
| 11 | Accounts Receivable | 157 | (40,835) | (8,057) |
| 12 | Accounts Receivable, Other | | | |
| 13 | Materials and Supplies Inventory | 111 | (581) | 4,555 |
| 14 | Prepaid Expenses | | 82 | (409) |
| 15 | Accounts Payable | | | |
| 16 | Intercompany payable | | | |
| 17 | Customer Meter Deposits | (5,027) | (4,885) | (2,059) |
| 18 | Taxes Payable | (54,139) | 1,097 | 40,527 |
| 19 | Deferred Income Taxes | 21,131 | (21,131) | (68,490) |
| 20 | Other assets and liabilities | 19,349 | (31,351) | (8,960) |
| 21 | Net Cash Flow provided by Operating Activities | $ 66,395 | $ 138,599 | $ 226,139 |
| 22 | Cash Flow From Investing Activities: | | | |
| 23 | Capital Expenditures | (1,571,758) | (415,750) | (147,280) |
| 24 | Plant Held for Future Use | | | - |
| 25 | Change In Short-term Investments | (36,175) | (8,307) | 42,454 |
| 26 | Net Cash Flows from Investing Activities | $ (1,607,933) | $ (424,057) | $ (104,826) |
| 27 | Cash Flow From Financing Activities | | | |
| 28 | Change in Restricted Cash | | | |
| 29 | Net Receipts of Advances-in-Aid of Contruction | (40,175) | (13,901) | (82,862) |
| 30 | Net Receipts of Contributions-in-Aid of Contruction | 36,352 | 13,900 | 66,225 |
| 31 | Net Proceeds From Long-Term Debt | 1,259,076 | 464,793 | |
| 32 | Dividends Paid | | | |
| 33 | Deferred Financing Costs | | | |
| 34 | Stock/Paid in Capital | | | |
| 35 | Net Cash Flows Provided by Financing Activities | $ 1,255,253 | $ 464,792 | $ (16,637) |
| 36 | Increase(decrease) in Cash and Cash Equivalents | (286,285) | 179,334 | 104,676 |
| 37 | Cash and Cash Equivalents at Beginning of Year | 331,220 | 151,886 | 47,210 |
| 38 | Cash and Cash Equivalents at End of Year | $ 44,935 | $ 331,220 | $ 151,886 |
| 39 | | | | |
| 40 | SUPPORTING SCHEDULES: | | | RECAP SCHEDULES: |
| 41 | | | | A-5 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Statement of Changes in Stockholder's Equity

Exhibit
Schedule E-4
Page 1
Witness: Bourassa

| Line No. | | Common Stock | Paid-In-Capital | Retained Earnings | Total |
|---|---|---|---|---|---|
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | Balance, June 30, 2006 | $ 2,550 | $ 5,180 | $ 222,040 | $ 229,770 |
| 5 | Addnl Paid In Capital | | - | | - |
| 6 | Prior Yr Adjustment | | | 86,274 | 86,274 |
| 7 | Dividends | | | - | - |
| 8 | Net Income | | | 172,562 | 172,562 |
| 9 | Balance, June 30, 2007 | $ 2,550 | $ 5,180 | $ 480,876 | $ 488,606 |
| 10 | Addnl Paid In Capital | | - | | - |
| 11 | Prior Yr Adjustment | | | 35,628 | 35,628 |
| 12 | Dividends | | | - | - |
| 13 | Net Income | | | 159,823 | 159,823 |
| 14 | Balance, June 30, 2008 | $ 2,550 | $ 5,180 | $ 676,327 | $ 684,057 |
| 15 | Addnl Paid In Capital | | - | | - |
| 16 | Prior Yr Adjustment | | | 424 | 424 |
| 17 | Dividends | | | | - |
| 18 | Net Income | | | 84,985 | 84,985 |
| 19 | Balance, June 30, 2009 | $ 2,550 | $ 5,180 | $ 761,736 | $ 769,466 |
| 20 | | | | | |
| 21 | | | | | |
| 22 | | | | | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | | | | | |
| 26 | SUPPORTING SCHEDULES: | | | RECAP SCHEDULES: | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Detail of Plant in Service

Exhibit
Schedule E-5
Page 1
Witness: Bourassa

| Line No. | Acct. No. | Plant Description | Plant Balance at 6/30/2008 | Plant Additions, Reclass-ications or or Retirements | Plant Balance at 6/30/2009 |
|---|---|---|---|---|---|
| 1 | | | | | |
| 2 | 301 | Organization Cost | $ - | $ - | $ - |
| 3 | 302 | Franchise Cost | - | - | - |
| 4 | 303 | Land and Land Rights | 217 | - | 217 |
| 5 | 304 | Structures and Improvements | 12,229 | - | 12,229 |
| 6 | 305 | Collecting and Impounding Res. | - | - | - |
| 7 | 306 | Lake River and Other Intakes | - | - | - |
| 8 | 307 | Wells and Springs | 143,963 | 165,131 | 309,094 |
| 9 | 308 | Infiltration Galleries and Tunnels | - | - | - |
| 10 | 309 | Supply Mains | - | - | - |
| 11 | 310 | Power Generation Equipment | - | - | - |
| 12 | 311 | Electric Pumping Equipment | 119,815 | 31,522 | 151,338 |
| 13 | 320 | Water Treatment Equipment | 1,740 | 0 | 1,740 |
| 14 | 320.1 | Water Treatment Equipment | - | 2,162,694 | 2,162,694 |
| 15 | 320.2 | Checmical Solution Feeders | - | - | - |
| 16 | 330 | Distribution Reservoirs & Standpipe | 99,896 | 0 | 99,896 |
| 17 | 330.1 | Storage tanks | - | - | - |
| 18 | 330.2 | Pressure Tanks | - | - | - |
| 19 | 331 | Transmission and Distribution Mains | 903,698 | 20,918 | 924,616 |
| 20 | 333 | Services | 2,427 | - | 2,427 |
| 21 | 334 | Meters | 101,418 | 0 | 101,418 |
| 22 | 335 | Hydrants | - | - | - |
| 23 | 336 | Backflow Prevention Devices | 1,137 | - | 1,137 |
| 24 | 339 | Other Plant and Miscellaneous Equipment | - | - | - |
| 25 | 340 | Office Furniture and Fixtures | 26,483 | 1,823 | 28,306 |
| 26 | 340.1 | Computers and Software | - | - | - |
| 27 | 341 | Transportation Equipment | 26,792 | (3,500) | 23,292 |
| 28 | 342 | Stores Equipment | - | - | - |
| 29 | 343 | Tools and Work Equipment | - | - | - |
| 30 | 344 | Laboratory Equipment | - | - | - |
| 31 | 345 | Power Operated Equipment | 2,592 | - | 2,592 |
| 32 | 346 | Communications Equipment | - | - | - |
| 33 | 347 | Miscellaneous Equipment | 7,663 | (4,498) | 3,165 |
| 34 | 348 | Other Tangible Plant | - | 4,424 | 4,424 |
| 35 | | Rounding | | - | |
| 36 | | TOTAL WATER PLANT | $ 1,450,070 | $ 2,378,515 | $ 3,828,585 |
| 37 | | | | | |
| 38 | SUPPORTING SCHEDULES | | | RECAP SCHEDULES: | |
| 39 | | | | A-4 | |
| 40 | | | | E-1 | |
| 41 | | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Operating Statistics

Exhibit
*Schedule E-7*
Page 1
Witness: Bourassa

| Line No. | | Test Year Ended 6/30/2009 | Prior Year Ended 6/30/2008 | Prior Year Ended 6/30/2007 |
|---|---|---|---|---|
| 1 | WATER STATISTICS: | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | Total Gallons Sold (in Thousands) | 154,233 | 164,489 | 169,452 |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | Water Revenues from Customers | $ 481,272 | $ 499,592 | $ 470,899 |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | Year End Number of Customers | 1,023 | 1,014 | 1,021 |
| 15 | | | | |
| 16 | | | | |
| 17 | Annual Gallons (in Thousands) | | | |
| 18 | Sold Per Year End Customer | 151 | 162 | 166 |
| 19 | | | | |
| 20 | | | | |
| 21 | | | | |
| 22 | Annual Revenue per Year End Customer | $ 470.45 | $ 492.69 | $ 461.21 |
| 23 | | | | |
| 24 | Pumping Cost Per 1,000 Gallons | $ 0.4685 | $ 0.2816 | $ 0.2204 |
| 25 | Purchased Water Cost per 1,000 Gallons | $ - | $ - | $ - |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Taxes Charged to Operations

Exhibit
Schedule E-8
Page 1
Witness: Bourassa

| Line No. | Description | Test Year Ended 6/30/2009 | Prior Year Ended 6/30/2008 | Prior Year Ended 6/30/2007 |
|---|---|---|---|---|
| 1 | | | | |
| 2 | | | | |
| 3 | Federal Income Taxes* | $ 34,368 | $ 32,418 | $ 31,107 |
| 4 | State Income Taxes* | - | 13,805 | 14,626 |
| 5 | Payroll Taxes | (1,320) | 13,514 | 10,211 |
| 6 | Property Taxes | 16,497 | 15,434 | 19,107 |
| 7 | | | | |
| 8 | Totals | $ 49,545 | $ 75,171 | $ 75,050 |
| 9 | | | | |
| 10 | | | | |
| 11 | *Computed | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Notes To Financial Statements

Exhibit
Schedule E-9
Page 1
Witness: Bourassa

Company does not conduct independent audits

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Projected Income Statements - Present & Proposed Rates

Exhibit
Schedule F-1
Page 1
Witness: Bourassa

| Line No. | | Test Year Actual Results | At Present Rates Year Ended 6/30/2010 | At Proposed Rates Year Ended 6/30/2010 |
|---|---|---|---|---|
| 1 | **Revenues** | | | |
| 2 | Metered Water Revenues | $ 474,494 | $ 481,492 | $ 685,021 |
| 3 | Unmetered Water Revenues | - | - | - |
| 4 | Other Water Revenues | 6,778 | 6,778 | 6,778 |
| 5 | | $ 481,272 | $ 488,270 | $ 691,799 |
| 6 | **Operating Expenses** | | | |
| 7 | Salaries and Wages | $ 150,775 | $ 150,775 | $ 150,775 |
| 8 | Purchased Water | - | - | - |
| 9 | Purchased Power | 72,256 | 74,502 | 74,502 |
| 10 | Fuel For Power Production | 4,217 | 4,217 | 4,217 |
| 11 | Chemicals | 742 | 765 | 765 |
| 12 | Materials and Supplies | 53,363 | 21,840 | 21,840 |
| 13 | Outside Services | (2,908) | - | - |
| 14 | Outside Services- Other | (295) | - | - |
| 15 | Outside Services- Legal | 6,568 | 6,568 | 6,568 |
| 16 | Water Testing | 7,408 | 7,408 | 7,408 |
| 17 | Equipment Rental | - | - | - |
| 18 | Rents - Building | 11,874 | 11,874 | 11,874 |
| 19 | Transportation Expenses | 7,012 | 7,012 | 7,012 |
| 20 | Insurance - General Liability | 2,825 | 2,825 | 2,825 |
| 21 | Insurance - Vehicle | - | - | - |
| 22 | Reg. Comm. Exp. - Other | - | - | - |
| 23 | Reg. Comm. Exp. - Rate Case | - | 26,667 | 26,667 |
| 24 | Miscellaneous Expense | 6,177 | 6,177 | 6,177 |
| 25 | Bad Debt Expense | 31 | 31 | 31 |
| 26 | Depreciation Expense | 3,817 | 117,586 | 117,586 |
| 27 | Taxes Other Than Income | (1,320) | - | - |
| 28 | Property Taxes | 16,497 | 26,078 | 26,078 |
| 29 | Income Tax | 34,368 | (23,603) | 36,983 |
| 30 | | | | |
| 31 | **Total Operating Expenses** | $ 373,406 | $ 440,721 | $ 501,308 |
| 32 | **Operating Income** | $ 107,866 | $ 47,550 | $ 190,491 |
| 33 | **Other Income (Expense)** | | | |
| 34 | Interest Income | - | - | - |
| 35 | Other income | 46,732 | - | - |
| 36 | Interest Expense | (67,699) | (103,237) | (103,237) |
| 37 | Other Expense | (1,913) | - | - |
| 38 | Gain/Loss Sale of Fixed Assets | - | - | - |
| 39 | **Total Other Income (Expense)** | $ (22,881) | $ (103,237) | $ (103,237) |
| 40 | **Net Profit (Loss)** | $ 84,985 | $ (55,687) | $ 87,254 |
| 41 | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Projected Statements of Changes in Financial Position
Present and Proposed Rates

Exhibit
Schedule F-2
Page 1
Witness: Bourassa

| Line No. | | Test Year Ended 6/30/2009 | At Present Rates Year Ended 6/30/2010 | At Proposed Rates Year Ended 6/30/2010 |
|---|---|---|---|---|
| 1 | Cash Flows from Operating Activities | | | |
| 2 | Net Income | $ 84,985 | $ (55,687) | $ 87,254 |
| 3 | Adjustments to reconcile net income to net cash | | | |
| 4 | provided by operating activities: | | | |
| 5 | Depreciation and Amortization | 3,817 | 117,586 | 117,586 |
| 6 | Adjustment to Depreciation and Amortization | (8,467) | | |
| 7 | Other | 4,478 | | |
| 8 | Changes in Certain Assets and Liabilities: | | | |
| 9 | Accounts Receivable | 157 | | |
| 10 | Accounts Receivable, Other | - | | |
| 11 | *Materials and Supplies Inventory* | 111 | | |
| 12 | Prepaid Expenses | - | | |
| 13 | Accounts Payable | - | | |
| 14 | Intercompany payable | - | | |
| 15 | Customer Deposits | (5,027) | | |
| 16 | Taxes Payable | (54,139) | | |
| 17 | Deferred Income Taxes | 21,131 | | |
| 18 | Other assets and liabilities | 19,349 | | |
| 19 | Net Cash Flow provided by Operating Activities | $ 66,395 | $ 61,899 | $ 204,840 |
| 20 | Cash Flow From Investing Activities: | | | |
| 21 | Capital Expenditures | (1,571,758) | (16,200) | (16,200) |
| 22 | Plant Held for Future Use | - | | |
| 23 | Change In Short-term Investments | (36,175) | | |
| 24 | Net Cash Flows from Investing Activities | $ (1,607,933) | $ (16,200) | $ (16,200) |
| 25 | Cash Flow From Financing Activities | | | |
| 26 | Change in Restricted Cash | - | (36,174) | (36,174) |
| 27 | Net Receipts of Advances-in-Aid of Contruction | (40,175) | | |
| 28 | Net Receipts of Contributions-in-Aid of Contruction | 36,352 | | |
| 29 | Repayments of Long-Term Debt | 1,259,076 | (28,680) | (28,680) |
| 30 | Dividends Paid | - | | |
| 31 | Deferred Financing Costs | - | | |
| 32 | Stock/Paid in Capital | - | | |
| 33 | Net Cash Flows Provided by Financing Activities | $ 1,255,253 | $ (64,854) | $ (64,854) |
| 34 | Increase(decrease) in Cash and Cash Equivalents | (286,285) | (19,156) | 123,786 |
| 35 | Cash and Cash Equivalents at Beginning of Year | 331,220 | 44,935 | 44,935 |
| 36 | Cash and Cash Equivalents at End of Year | $ 44,935 | $ 25,780 | $ 168,721 |
| 37 | | | | |

**Las Quintas Serenas Water Company**
*Test Year Ended June 30, 2009*
Projected Construction Requirements

Exhibit
*Schedule F-3*
Page 1
Witness: Bourassa

| Line No. | Account Number | Plant Asset: | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | 301 | Organization Cost | | | |
| 5 | 302 | Franchise Cost | | | |
| 6 | 303 | Land and Land Rights | | | |
| 7 | 304 | Structures and Improvements | | | 18,000 |
| 8 | 305 | Collecting and Impounding Res. | | | |
| 9 | 306 | Lake River and Other Intakes | | | |
| 10 | 307 | Wells and Springs | | 30,000 | 50,000 |
| 11 | 308 | Infiltration Galleries and Tunnels | | | |
| 12 | 309 | Supply Mains | | | |
| 13 | 310 | Power Generation Equipment | | | |
| 14 | 311 | Electric Pumping Equipment | | | 5,000 |
| 15 | 320 | Water Treatment Equipment | | | |
| 16 | 320.1 | Water Treatment Equipment | | | |
| 17 | 320.2 | Checmical Solution Feeders | 500 | 500 | 500 |
| 18 | 330 | Distribution Reservoirs & Standpipe | 2,000 | 9,600 | 2,600 |
| 19 | 330.1 | Storage tanks | | | |
| 20 | 330.2 | Pressure Tanks | | | |
| 21 | 331 | Transmission and Distribution Mains | | 307,600 | 307,600 |
| 22 | 333 | Services | | | |
| 23 | 334 | Meters | 3,600 | 3,600 | 3,600 |
| 24 | 335 | Hydrants | | | |
| 25 | 336 | Backflow Prevention Devices | | | |
| 26 | 339 | Other Plant and Miscellaneous Equipment | | | |
| 27 | 340 | Office Furniture and Fixtures | | | |
| 28 | 340.1 | Computers and Software | 8,100 | 1,800 | 3,600 |
| 29 | 341 | Transportation Equipment | | | 30,000 |
| 30 | 342 | Stores Equipment | | | |
| 31 | 343 | Tools and Work Equipment | 2,000 | 5,800 | 2,000 |
| 32 | 344 | Laboratory Equipment | | | |
| 33 | 345 | Power Operated Equipment | | | |
| 34 | 346 | Communications Equipment | | | |
| 35 | 347 | Miscellaneous Equipment | | | |
| 36 | 348 | Other Tangible Plant | | | |
| 37 | | | | | |
| 38 | | | | | |
| 39 | Total | | $ 16,200 | $ 358,900 | $ 422,900 |
| 40 | | | | | |
| 41 | | | | | |
| 42 | | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Assumptions Used in Rate Filing

Exhibit
Schedule F-4
Page 1
Witness: Bourassa

| Line No. | |
|---|---|
| 1 | Property Taxes were computed using the method used by the Arizona Department |
| 2 | of Revenue |
| 3 | |
| 4 | Projected construction expenditures are shown on Schedule A-4. |
| 5 | |
| 6 | Expense adjustments are shown on Schedule C2, and are explained in the testimony. |
| 7 | |
| 8 | Accumulated depreciation and depreciation expense were computed at Arizona Corporation |
| 9 | Commission allowed rated in Prior Commission Decision. |
| 10 | |
| 11 | Income taxes were computed using statutory state and federal income tax rates. |
| 12 | |
| 13 | |
| 14 | |
| 15 | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Schedule H-1
Page 1
Witness: Bourassa

| Line No. | Meter Size | | Company Present Revenues | Company Proposed Revenues | Dollar Change | Percent Change | Percent of Present Water Revenues | Percent of Proposed Water Revenues |
|---|---|---|---|---|---|---|---|---|
| 1 | 5/8 Inch | | $ 327,234 | $ 455,388 | $ 128,153 | 39.16% | 67.02% | 65.83% |
| 2 | 3/4 Inch | | 4,095 | 4,988 | 892 | 21.79% | 0.84% | 0.72% |
| 3 | 1 Inch | | 24,612 | 31,177 | 6,565 | 26.67% | 5.04% | 4.51% |
| 4 | 1.5 Inch | | 14,756 | 20,436 | 5,680 | 38.49% | 3.02% | 2.95% |
| 5 | 2 Inch | | 17,044 | 28,437 | 11,393 | 66.84% | 3.49% | 4.11% |
| 6 | 4 Inch | | 19,237 | 30,888 | 11,651 | 60.56% | 3.94% | 4.46% |
| 7 | | Subtotal | $ 406,979 | $ 571,313 | $ 164,334 | 40.38% | 83.35% | 82.58% |
| 8 | | | | | | | | |
| 9 | | | | | | | | |
| 10 | Standpipe | | $ 67,100 | $ 97,165 | $ 30,065 | 44.81% | 13.74% | 14.05% |
| 11 | Fire Sprinkler | | 480 | 480 | - | 0.00% | 0.10% | 0.07% |
| 12 | | Subtotal | 67,580 | 97,645 | 30,065 | 44.49% | 13.84% | 14.11% |
| 13 | | | | | | | | |
| 14 | | | | | | | | |
| 15 | Total Revenuers before Annualization | | $ 474,558 | $ 668,958 | $ 194,400 | 40.96% | 97.19% | 96.70% |
| 16 | | | | | | | | |

| Line No. | Meter Size | | Company Present Revenues | Company Proposed Revenues | Dollar Change | Percent Change | Percent of Present | Percent of Proposed | Schedule |
|---|---|---|---|---|---|---|---|---|---|
| 17 | | | | Revenue Annualization | | | | | |
| 18 | | | | | | | | | |
| 19 | | | | | | | | | |
| 20 | | | | | | | | | |
| 21 | 5/8 Inch | | $ (1,434) | $ (2,938) | $ (1,504) | 104.88% | -0.29% | -0.42% | C-2, page 5.1 |
| 22 | 3/4 Inch | | - | - | - | 0.00% | 0.00% | 0.00% | C-2, page 5.2 |
| 23 | 1 Inch | | 499 | 1,017 | 519 | 103.99% | 0.10% | 0.15% | C-2, page 5.3 |
| 24 | 1.5 Inch | | (118) | (235) | (116) | 98.63% | -0.02% | -0.03% | C-2, page 5.4 |
| 25 | 2 Inch | | - | - | - | 0.00% | 0.00% | 0.00% | C-2, page 5.5 |
| 26 | 4 Inch | | 7,707 | 17,265 | 9,558 | 124.02% | 1.58% | 2.50% | C-2, page 5.6 |
| 27 | | Subtotal | $ 6,654 | $ 15,110 | $ 8,457 | 127.10% | 1.36% | 2.18% | |
| 28 | | | | | | | | | |
| 29 | | | | | | | | | |
| 30 | Standpipe | | 345 | 694 | 349 | 101.19% | 0.07% | 0.10% | C-2, page 5.7 |
| 31 | Fire Sprinkler | | - | - | - | 0.00% | 0.00% | 0.00% | |
| 32 | | | | | | | | | |
| 33 | Total Revenue Annualization | | $ 6,999 | $ 15,804 | $ 8,806 | 125.82% | 1.43% | 3.24% | |
| 34 | | | | | | | | | |
| 35 | Total Revenues with Rev. Annual. | | $ 481,557 | $ 684,762 | $ 203,206 | 42.20% | 98.63% | 99.94% | |
| 36 | | | | | | | | | |
| 37 | Misc. Serv. Rev. | | 6,778 | 6,778 | - | 0.00% | 1.388% | 0.980% | |
| 38 | Annualization of Misc Service Rev. | | - | - | - | 0.00% | 0.000% | 0.000% | |
| 39 | Unreconciled Difference to C-1 | | (65) | 257 | 322 | -495.38% | -0.013% | 0.037% | |
| 40 | | | | | | | | | |
| 41 | Total Revenues | | $ 488,270 | $ 691,797 | $ 203,528 | 41.68% | 100.00% | 100.95% | |
| 42 | | | | | | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Analysis of Revenue by Detailed Class

Exhibit
Schedule H-2
Page 1
Witness: Bourassa

| Line No. | Meter Size | (a) Average Number of Customers at 6/30/2009 | Average Consumption | Revenues Present Rates | Revenues Proposed Rates | Proposed Increase Dollar Amount | Proposed Increase Percent Amount |
|---|---|---|---|---|---|---|---|
| 1 | 5/8 Inch | 820 | 10,768 | $ 327,234 | $ 455,388 | $ 128,153 | 39.16% |
| 2 | 3/4 Inch | 6 | 15,598 | 4,095 | 4,988 | 892 | 21.79% |
| 3 | 1 Inch | 28 | 16,842 | 24,612 | 31,177 | 6,565 | 26.67% |
| 4 | 1.5 Inch | 7 | 52,477 | 14,756 | 20,436 | 5,680 | 38.49% |
| 5 | 2 Inch | 4 | 153,057 | 17,044 | 28,437 | 11,393 | 66.84% |
| 6 | 4 Inch | 2 | 401,611 | 19,237 | 30,888 | 11,651 | 60.56% |
| 7 | Subtotal | 867 | | $ 406,979 | $ 571,313 | $ 164,334 | 40.38% |
| 8 | | | | | | | |
| 9 | Standpipe | 156 | 11,823 | $ 67,100 | $ 97,165 | $ 30,065 | 44.81% |
| 10 | Fire Sprinkler | 4 | - | 480 | 480 | - | 0.00% |
| 11 | Subtotal | 160 | | $ 67,100 | $ 97,165 | $ 30,065 | 44.81% |
| 12 | | | | | | | |
| 13 | Totals | 1,026 | | $ 474,078 | $ 668,478 | $ 194,400 | 41.01% |
| 14 | | | | | | | |

15 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Analysis of Average Bill by Detailed Class

Exhibit
Schedule H-2
Page 2
Witness: Bourassa

| Line No. | Meter Size and Class | (a) Average Number of Customers at 6/30/2009 | Average Consumption | Average Bill Present Rates | Average Bill Proposed Rates | Proposed Increase Dollar Amount | Proposed Increase Percent Amount |
|---|---|---|---|---|---|---|---|
| 1 | 5/8 Inch | 820 | 10,768 | $ 32.95 | $ 44.30 | 11.35 | 34.44% |
| 2 | 3/4 Inch | 6 | 15,598 | 56.69 | 68.79 | 12.11 | 21.36% |
| 3 | 1 Inch | 28 | 16,842 | 72.79 | 90.42 | 17.63 | 24.22% |
| 4 | 1.5 Inch | 7 | 52,477 | 172.19 | 227.43 | 55.24 | 32.08% |
| 5 | 2 Inch | 4 | 153,057 | 337.57 | 571.17 | 233.60 | 69.20% |
| 6 | 4 Inch | 2 | 401,611 | 971.37 | 1,554.83 | 583.46 | 60.07% |
| 7 | Subtotal | 867 | | | | | |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | Standpipe | 156 | 11,823 | $ 34.27 | $ 47.67 | 13.40 | 39.11% |
| 11 | Fire Sprinkler | 4 | - | $ 10.00 | $ 10.00 | - | 0.00% |
| 12 | Subtotal | 160 | | | | | |
| 13 | | | | | | | |
| 14 | Totals | 1,026 | | | | | |
| 15 | | | | | | | |
| 16 | | | | | | | |

17 (a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

**Las Quintas Serenas Water Company**
*Test Year Ended June 30, 2009*
Analysis of Average Bill by Detailed Class

Exhibit
Schedule H-2
Page 3
Witness: Bourassa

| Line No. | Meter Size and Class | (a) Average Number of Customers at 6/30/2009 | Average Consumption | Median Bill Present Rates | Median Bill Proposed Rates | Proposed Increase Dollar Amount | Proposed Increase Percent Amount |
|---|---|---|---|---|---|---|---|
| 1 | 5/8 Inch | 820 | 10,768 | $ 30.35 | $ 38.40 | 8.06 | 26.54% |
| 2 | 3/4 Inch | 6 | 15,598 | 55.43 | 65.50 | 10.08 | 18.18% |
| 3 | 1 Inch | 28 | 16,842 | 67.80 | 80.00 | 12.21 | 18.00% |
| 4 | 1.5 Inch | 7 | 52,477 | 153.82 | 187.60 | 33.79 | 21.96% |
| 5 | 2 Inch | 4 | 153,057 | 206.37 | 254.80 | 48.44 | 23.47% |
| 6 | 4 Inch | 2 | 401,611 | 911.70 | 1,400.00 | 488.30 | 53.56% |
| 7 | Subtotal | 867 | | | | | |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | Standpipe | 156 | 11,823 | $ 34.27 | $ 47.67 | $ 13.40 | 39.11% |
| 11 | Fire Sprinkler | 4 | - | - | - | - | 0.00% |
| 12 | Subtotal | 160 | | | | | |
| 13 | | | | | | | |
| 14 | Totals | 1,026 | | | | | |
| 15 | | | | | | | |
| 16 | | | | | | | |

17 (a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.
18
19
20
21
22
23
24
25
26
27
28
29
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31
32
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**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Present and Proposed Rates

Exhibit
Schedule H-3
Page 1
Witness: Bourassa

| Line No. | Monthly Usage Charge for: | Present Rates | Proposed Rates | Change | Percent Change |
|---|---|---|---|---|---|
| 1 | Meter Size : | | | | |
| 2 | 5/8 Inch | $ 10.00 | $ 20.00 | $ 10.00 | 100.00% |
| 3 | 3/4 Inch | 22.50 | 30.00 | 7.50 | 33.33% |
| 4 | 1 Inch | 25.00 | 50.00 | 25.00 | 100.00% |
| 5 | 1 1/2 Inch | 55.00 | 100.00 | 45.00 | 81.82% |
| 6 | 2 Inch | 70.00 | 160.00 | 90.00 | 128.57% |
| 7 | 3 Inch | 125.00 | 320.00 | 195.00 | 156.00% |
| 8 | 4 Inch | 225.00 | 500.00 | 275.00 | 122.22% |
| 9 | 6 Inch | 350.00 | 1,000.00 | 650.00 | 185.71% |
| 10 | 8 Inch | - | - | | |
| 11 | | | | | |
| 12 | Standpipe | 10.10 | 20.20 | 10.10 | 100.00% |
| 13 | | | | | |
| 14 | Fire Sprinkler Connection, less than 6 inch | $ 10.00 | $ 10.00 | - | 0.00% |
| 15 | Fire Sprinkler Connection, larger than 6 inch | $ 15.00 | $ 15.00 | - | 0.00% |
| 16 | | | | | |
| 17 | Gallons In Minimum | - | - | | |
| 18 | | | | | |
| 19 | | | | | |
| 20 | | | | | |

| Line No. | Commodity Rates (Residential, Commercial, Industrial) | Block | (Per 1,000 gallons) Present Rate | Proposed Rate |
|---|---|---|---|---|
| 21 | | | | |
| 22 | | | | |
| 23 | 5/8 Inch and 3/4 Inch | 0 gallons to 4,000 gallons | $ 0.95 | N/A |
| 24 | | 4,001 gallons to 23,000 gallons | $ 1.15 | N/A |
| 25 | | over 23,000 gallons | $ 1.35 | N/A |
| 26 | | | | |
| 27 | 1 Inch | 0 gallons to 40,000 gallons | $ 1.15 | N/A |
| 28 | | over 40,000 gallons | $ 1.35 | N/A |
| 29 | | | | |
| 30 | 1 1/2 Inch | 0 gallons to 100,000 gallons | $ 1.15 | N/A |
| 31 | | over 100,000 gallons | $ 1.35 | N/A |
| 32 | | | | |
| 33 | 2 Inch | 0 gallons to 150,000 gallons | $ 1.15 | N/A |
| 34 | | over 150,000 gallons | $ 1.35 | N/A |
| 35 | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Present and Proposed Rates

Exhibit
Schedule H-3
*Page 2*
Witness: Bourassa

| Line No. | Commodity Rates (Residential, Commercial, Industrial) | Block | (Per 1,000 gallons) Present Rate | Proposed Rate |
|---|---|---|---|---|
| 5 | 4 Inch | 0 gallons to 400,000 gallons | $ 1.15 | N/A |
| 6 | | over 400,000 gallons | $ 1.35 | N/A |
| 8 | 6 Inch | 0 gallons to 400,000 gallons | $ 1.15 | N/A |
| 9 | | over 400,000 gallons | $ 1.35 | N/A |
| 11 | Standpipe | 0 gallons to 4,000 gallons | $ 0.95 | N/A |
| 12 | | 4,001 gallons to 23,000 gallons | $ 1.15 | N/A |
| 13 | | over 23,000 gallons | $ 1.35 | N/A |
| 15 | 5/8 Inch | 0 gallons to 4,000 gallons | N/A | $ 1.90 |
| 16 | | 4,001 to 10,000 gallons | N/A | $ 2.40 |
| 17 | | over 10,000 gallons | N/A | $ 3.00 |
| 19 | 3/4 Inch | 0 gallons to 4,000 gallons | N/A | $ 1.90 |
| 20 | | 4,001 to 10,000 gallons | N/A | $ 2.40 |
| 21 | | over 10,000 gallons | N/A | $ 3.00 |
| 23 | 1 Inch | 0 gallons to 25,000 gallons | N/A | $ 2.40 |
| 24 | | over 25,000 gallons | N/A | $ 3.00 |
| 26 | 1 1/2 Inch | 0 gallons to 50,000 gallons | N/A | $ 2.40 |
| 27 | | over 50,000 gallons | N/A | $ 3.00 |
| 29 | 2 Inch | 0 gallons to 80,000 gallons | N/A | $ 2.40 |
| 30 | | over 80,000 gallons | N/A | $ 3.00 |
| 32 | 3 Inch | 0 gallons to 160,000 gallons | N/A | $ 2.40 |
| 33 | | over 160,000 gallons | N/A | $ 3.00 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
*Present and Proposed Rates*

Exhibit
Schedule H-3
Page 3
Witness: Bourassa

| Line No. | Commodity Rates (Residential, Commercial, Industrial) | Block | (Per 1,000 gallons) Present Rate | Proposed Rate |
|---|---|---|---|---|
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | 4 Inch | 0 gallons to 250,000 gallons | N/A | $ 2.40 |
| 6 | | over 250,000 gallons | N/A | $ 3.00 |
| 7 | | | | |
| 8 | 6 Inch | 0 gallons to 500,000 gallons | N/A | $ 2.40 |
| 9 | | over 500,000 gallons | N/A | $ 3.00 |
| 10 | | | | |
| 11 | Standpipe | 0 gallons to 4,000 gallons | N/A | $ 1.90 |
| 12 | | 4,001 gallons to 10,000 gallons | N/A | $ 2.40 |
| 13 | | over 10,000 gallons | N/A | $ 3.00 |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |

**Arsenic Cost Recovery Surcharge**

| Line No. | Meter Size : | Present Rates | Proposed Rates | Change | Percent Change |
|---|---|---|---|---|---|
| 17 | | | | | |
| 18 | | | | | |
| 19 | | | | | |
| 20 | | | | | |
| 21 | 5/8 Inch | $ 11.37 | $ - | $ (11.37) | -100.00% |
| 22 | 3/4 Inch | 17.05 | - | (17.05) | -100.00% |
| 23 | 1 Inch | 28.42 | - | (28.42) | -100.00% |
| 24 | 1 1/2 Inch | 56.84 | - | (56.84) | -100.00% |
| 25 | 2 Inch | 90.94 | - | (90.94) | -100.00% |
| 26 | 3 Inch | 170.52 | - | (170.52) | -100.00% |
| 27 | 4 Inch | 284.20 | - | (284.20) | -100.00% |
| 28 | 6 Inch | 568.40 | - | (568.40) | -100.00% |
| 29 | | | | | |
| 30 | Standpipe | $ 11.37 | $ - | $ (11.37) | -100.00% |
| 31 | | | | | |
| 32 | | | | | |
| 33 | | | | | |
| 34 | | | | | |
| 35 | | | | | |

**Las Quintas Serenas Water Company**
Changes in Representative Rate Schedules
Test Year Ended June 30, 2009

Exhibit
Schedule H- 3
Page 4
Witness: Bourassa

| Line No. | Other Service Charges | Present Rates | Proposed Rates |
|---|---|---|---|
| 1 | Establishment | $ 20.00 | $ 20.00 |
| 2 | Establishment (After Hours) | $ 30.00 | $ 30.00 |
| 3 | Reconnection (Delinquent) | $ 20.00 | $ 20.00 |
| 4 | Reconnection (Delinquent and After Hours) | $ 30.00 | $ 30.00 |
| 5 | Meter Test (If meter reading correctly) | $ 25.00 | $ 25.00 |
| 6 | Deposit | * | * |
| 7 | Deposit Interest | * | * |
| 8 | Re-Establishment (With-in 12 Months) | ** | ** |
| 9 | NSF Check | $ 15.00 | $ 15.00 |
| 10 | Deferred Payment, Per Month | N/T | 1.50% |
| 11 | Meter Re-Read (if correct) | $ 15.00 | $ 15.00 |
| 12 | After hours service charge, per Rule R14-2-403D | N/T | Cost |
| 13 | Late Charge per month (per R-14-2-409G(6)) | 1.50% | 1.50% |
| 14 | | | |
| 15 | Stanpipe Charges | | |
| 16 | Original Key Deposit | $ 30.00 | $ 30.00 |
| 17 | Additional Set | $ 5.00 | $ 5.00 |
| 18 | Offsite Facitlities Hook-Up Fee | $ 250.00 | See H-3, page 5 |
| 19 | Arsenic Impact Hook-Up Fee | See H-3 page 5 | NT |
| 20 | | | |

21 * PER COMMISSION RULE (R14-2-403.B)
22 ** Months off system times the minimum. PER COMMISSION RULE (R14-2-403.D)
23
24 N/T = No tariff.
25
26
27 IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM
28 ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE
29 TAX. PER COMMISSION RULE (14-2-409.D 5).
30
31 ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS,
32 AND ALL APPLICABLE TAXES.
33
34

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
**Service Charges**
**Meter and Service Line Charges**

Exhibit
Schedule H-3
Page 5
Witness: Bourassa

| Line No. | | Total Present Charge | Proposed Service Line Charge* | Proposed Meter Install-ation Charge* | Total Proposed Charge* |
|---|---|---|---|---|---|
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | 5/8 x 3/4 inch | $ 150.00 | $ 445.00 | $ 155.00 | $ 600.00 |
| 7 | 3/4 Inch | NT | 445.00 | 255.00 | 700.00 |
| 8 | 1 inch | 225.00 | 495.00 | 315.00 | 810.00 |
| 9 | 1 1/2 Inch | 475.00 | 550.00 | 525.00 | 1,075.00 |
| 10 | 2 Inch | 625.00 | N/A | N/A | N/A |
| 11 | 2 Inch / Turbine | NT | 830.00 | 1,045.00 | 1,875.00 |
| 12 | 2 Inch / Compound | NT | 830.00 | 1,890.00 | 2,720.00 |
| 13 | 3 Inch | 850.00 | N/A | N/A | N/A |
| 14 | 3 Inch / Turbine | NT | 1,045.00 | 1,670.00 | 2,715.00 |
| 15 | 3 Inch / Compound | NT | 1,165.00 | 2,545.00 | 3,710.00 |
| 16 | 4 Inch | 1,800.00 | N/A | N/A | N/A |
| 17 | 4 Inch / Turbine | NT | 1,490.00 | 3,670.00 | 5,160.00 |
| 18 | 4 Inch / Compound | NT | 1,670.00 | 3,645.00 | 5,315.00 |
| 19 | 6 Inch | 3,000.00 | N/A | N/A | N/A |
| 20 | 6 Inch / Turbine | NT | 2,210.00 | 5,025.00 | 7,235.00 |
| 21 | 6 Inch / Compound | NT | 2,330.00 | 6,920.00 | 9,250.00 |
| 22 | 8 Inch | NT | At Cost | At Cost | At Cost |
| 23 | | | | | |
| 24 | | | | | |
| 25 | | | | | |
| 26 | *Based on Staff update of typical service line and meter installation charges dated | | | | |
| 27 | February 21, 2008. | | | | |
| 28 | | | | | |

**Las Quintas Serenas Water Company**
Changes in Representative Rate Schedules
Test Year Ended June 30, 2009

Exhibit
Schedule H- 3
Page 6
Witness: Bourassa

| Line No. | | | |
|---|---|---|---|
| 1 | | | |
| 2 | **Arsenic Impact Hook-up Fee** | | |
| 3 | | | |
| 4 | | Present | Proposed |
| 5 | | Charge | Charge |
| 6 | 5/8 x 3/4 Inch | $ 1,135 | $ - |
| 7 | 3/4 Inch | 1,703 | - |
| 8 | 1 Inch | 2,838 | - |
| 9 | 1 1/2 Inch | 5,675 | - |
| 10 | 2 Inch | 9,080 | - |
| 11 | 3 Inch | 18,160 | - |
| 12 | 4 Inch | 28,375 | - |
| 13 | 6 Inch | 56,750 | - |
| 14 | | | |
| 15 | | | |
| 16 | **Offsite Facilities Hook-up Fee** | | |
| 17 | | | |
| 18 | | Present | Proposed |
| 19 | | Charge | Charge |
| 20 | 5/8 x 3/4 Inch | $ - | $ 1,135 |
| 21 | 3/4 Inch | - | 1,703 |
| 22 | 1 Inch | - | 2,838 |
| 23 | 1 1/2 Inch | - | 5,675 |
| 24 | 2 Inch | - | 9,080 |
| 25 | 3 Inch | - | 18,160 |
| 26 | 4 Inch | - | 28,375 |
| 27 | 6 Inch | - | 56,750 |
| 28 | | | |
| 29 | | | |

**Las Quintas Serenas Water Company**
Bill Comparison Present and Proposed Rates
Meter Size: 5/8 Inch

Exhibit
Schedule H-4
Page 1
Witness: Bourassa

| Line No. | Usage | Present Bill | Proposed Bill | Dollar Increase | Percent Increase |
|---|---|---|---|---|---|
| 1 | - | $ 21.37 | $ 20.00 | $ (1.37) | -6.41% |
| 2 | 1,000 | 22.32 | 21.90 | (0.42) | -1.88% |
| 3 | 2,000 | 23.27 | 23.80 | 0.53 | 2.28% |
| 4 | 3,000 | 24.22 | 25.70 | 1.48 | 6.11% |
| 5 | 4,000 | 25.17 | 27.60 | 2.43 | 9.65% |
| 6 | 5,000 | 26.32 | 30.00 | 3.68 | 13.98% |
| 7 | 6,000 | 27.47 | 32.40 | 4.93 | 17.95% |
| 8 | 7,000 | 28.62 | 34.80 | 6.18 | 21.59% |
| 9 | 8,000 | 29.77 | 37.20 | 7.43 | 24.96% |
| 10 | 9,000 | 30.92 | 39.60 | 8.68 | 28.07% |
| 11 | 10,000 | 32.07 | 42.00 | 9.93 | 30.96% |
| 12 | 12,000 | 34.37 | 48.00 | 13.63 | 39.66% |
| 13 | 14,000 | 36.67 | 54.00 | 17.33 | 47.26% |
| 14 | 16,000 | 38.97 | 60.00 | 21.03 | 53.96% |
| 15 | 18,000 | 41.27 | 66.00 | 24.73 | 59.92% |
| 16 | 20,000 | 43.57 | 72.00 | 28.43 | 65.25% |
| 17 | 25,000 | 49.72 | 87.00 | 37.28 | 74.98% |
| 18 | 30,000 | 56.47 | 102.00 | 45.53 | 80.63% |
| 19 | 35,000 | 63.22 | 117.00 | 53.78 | 85.07% |
| 20 | 40,000 | 69.97 | 132.00 | 62.03 | 88.65% |
| 21 | 50,000 | 83.47 | 162.00 | 78.53 | 94.08% |
| 22 | 60,000 | 96.97 | 192.00 | 95.03 | 98.00% |
| 23 | 70,000 | 110.47 | 222.00 | 111.53 | 100.96% |
| 24 | 80,000 | 123.97 | 252.00 | 128.03 | 103.27% |
| 25 | 90,000 | 137.47 | 282.00 | 144.53 | 105.14% |
| 26 | 100,000 | 150.97 | 312.00 | 161.03 | 106.66% |
| 27 | | | | | |
| 28 | | | | | |
| 29 | Average Usage | | | | |
| 30 | 10,768 | $ 32.95 | $ 44.30 | $ 11.35 | 34.44% |
| 31 | Median Usage | | | | |
| 32 | 8,500 | $ 30.35 | $ 38.40 | $ 8.06 | 26.54% |
| 33 | | | | | |
| 34 | | | | | |

**Present Rates:**

| | | | |
|---|---|---|---|
| Monthly Minimum: | | | $ 10.00 |
| Gallons in Minimum | | | - |
| Charge Per 1,000 Gallons | | | |
| | Up to | 4,000 | $ 0.95 |
| | Up to | 23,000 | $ 1.15 |
| | Over | 23,000 | $ 1.35 |
| Arsenic Surcharge | | | $ 11.37 |

**Proposed Rates:**

| | | | |
|---|---|---|---|
| Monthly Minimum: | | | $ 20.00 |
| Gallons in Minimum | | | - |
| Charge Per 1,000 Gallons | | | |
| | Up to | 4,000 | $ 1.90 |
| | Up to | 10,000 | $ 2.40 |
| | Over | 10,000 | $ 3.00 |
| Arsenic Surcharge | | | $ - |

**Las Quintas Serenas Water Company**
Bill Comparison Present and Proposed Rates
Meter Size: 3/4 Inch

Exhibit
Schedule H-4
Page 2
Witness: Bourassa

| Line No. | Usage | Present Bill | Proposed Bill | Dollar Increase | Percent Increase |
|---|---|---|---|---|---|
| 1 | - | $ 39.55 | $ 30.00 | $ (9.55) | -24.15% |
| 2 | 1,000 | 40.50 | 31.90 | (8.60) | -21.23% |
| 3 | 2,000 | 41.45 | 33.80 | (7.65) | -18.46% |
| 4 | 3,000 | 42.40 | 35.70 | (6.70) | -15.80% |
| 5 | 4,000 | 43.35 | 37.60 | (5.75) | -13.26% |
| 6 | 5,000 | 44.50 | 40.00 | (4.50) | -10.11% |
| 7 | 6,000 | 45.65 | 42.40 | (3.25) | -7.12% |
| 8 | 7,000 | 46.80 | 44.80 | (2.00) | -4.27% |
| 9 | 8,000 | 47.95 | 47.20 | (0.75) | -1.56% |
| 10 | 9,000 | 49.10 | 49.60 | 0.50 | 1.02% |
| 11 | 10,000 | 50.25 | 52.00 | 1.75 | 3.48% |
| 12 | 12,000 | 52.55 | 58.00 | 5.45 | 10.37% |
| 13 | 14,000 | 54.85 | 64.00 | 9.15 | 16.68% |
| 14 | 16,000 | 57.15 | 70.00 | 12.85 | 22.48% |
| 15 | 18,000 | 59.45 | 76.00 | 16.55 | 27.84% |
| 16 | 20,000 | 61.75 | 82.00 | 20.25 | 32.79% |
| 17 | 25,000 | 67.90 | 97.00 | 29.10 | 42.86% |
| 18 | 30,000 | 74.65 | 112.00 | 37.35 | 50.03% |
| 19 | 35,000 | 81.40 | 127.00 | 45.60 | 56.02% |
| 20 | 40,000 | 88.15 | 142.00 | 53.85 | 61.09% |
| 21 | 50,000 | 101.65 | 172.00 | 70.35 | 69.21% |
| 22 | 60,000 | 115.15 | 202.00 | 86.85 | 75.42% |
| 23 | 70,000 | 128.65 | 232.00 | 103.35 | 80.33% |
| 24 | 80,000 | 142.15 | 262.00 | 119.85 | 84.31% |
| 25 | 90,000 | 155.65 | 292.00 | 136.35 | 87.60% |
| 26 | 100,000 | 169.15 | 322.00 | 152.85 | 90.36% |
| 27 | | | | | |
| 28 | | | | | |
| 29 | Average Usage | | | | |
| 30 | 15,598 | $ 56.69 | $ 68.79 | $ 12.11 | 21.36% |
| 31 | Median Usage | | | | |
| 32 | 14,500 | $ 55.43 | $ 65.50 | $ 10.08 | 18.18% |
| 33 | | | | | |
| 34 | | | | | |

**Present Rates:**

| | | |
|---|---|---|
| Monthly Minimum: | | $ 22.50 |
| Gallons in Minimum | | - |
| Charge Per 1,000 Gallons | | |
| Up to | 4,000 | $ 0.95 |
| Up to | 23,000 | $ 1.15 |
| Over | 23,000 | $ 1.35 |
| Arsenic Surcharge | | $ 17.05 |

**Proposed Rates:**

| | | |
|---|---|---|
| Monthly Minimum: | | $ 30.00 |
| Gallons in Minimum | | - |
| Charge Per 1,000 Gallons | | |
| Up to | 4,000 | $ 1.90 |
| Up to | 10,000 | $ 2.40 |
| Over | 10,000 | $ 3.00 |
| Arsenic Surcharge | | $ - |

**Las Quintas Serenas Water Company**
Bill Comparison Present and Proposed Rates
Meter Size: 1 Inch

Exhibit
Schedule H-4
Page 3
Witness: Bourassa

| Line No. | Usage | Present Bill | Proposed Bill | Dollar Increase | Percent Increase |
|---|---|---|---|---|---|
| 1 | - | $ 53.42 | $ 50.00 | $ (3.42) | -6.40% |
| 2 | 1,000 | 54.57 | 52.40 | (2.17) | -3.98% |
| 3 | 2,000 | 55.72 | 54.80 | (0.92) | -1.65% |
| 4 | 3,000 | 56.87 | 57.20 | 0.33 | 0.58% |
| 5 | 4,000 | 58.02 | 59.60 | 1.58 | 2.72% |
| 6 | 5,000 | 59.17 | 62.00 | 2.83 | 4.78% |
| 7 | 6,000 | 60.32 | 64.40 | 4.08 | 6.76% |
| 8 | 7,000 | 61.47 | 66.80 | 5.33 | 8.67% |
| 9 | 8,000 | 62.62 | 69.20 | 6.58 | 10.51% |
| 10 | 9,000 | 63.77 | 71.60 | 7.83 | 12.28% |
| 11 | 10,000 | 64.92 | 74.00 | 9.08 | 13.99% |
| 12 | 12,000 | 67.22 | 78.80 | 11.58 | 17.23% |
| 13 | 14,000 | 69.52 | 83.60 | 14.08 | 20.25% |
| 14 | 16,000 | 71.82 | 88.40 | 16.58 | 23.09% |
| 15 | 18,000 | 74.12 | 93.20 | 19.08 | 25.74% |
| 16 | 20,000 | 76.42 | 98.00 | 21.58 | 28.24% |
| 17 | 25,000 | 82.17 | 110.00 | 27.83 | 33.87% |
| 18 | 30,000 | 87.92 | 125.00 | 37.08 | 42.17% |
| 19 | 35,000 | 93.67 | 140.00 | 46.33 | 49.46% |
| 20 | 40,000 | 99.42 | 155.00 | 55.58 | 55.90% |
| 21 | 50,000 | 112.92 | 185.00 | 72.08 | 63.83% |
| 22 | 60,000 | 126.42 | 215.00 | 88.58 | 70.07% |
| 23 | 70,000 | 139.92 | 245.00 | 105.08 | 75.10% |
| 24 | 80,000 | 153.42 | 275.00 | 121.58 | 79.25% |
| 25 | 90,000 | 166.92 | 305.00 | 138.08 | 82.72% |
| 26 | 100,000 | 180.42 | 335.00 | 154.58 | 85.68% |
| 27 | | | | | |
| 28 | | | | | |
| 29 | Average Usage | | | | |
| 30 | 16,842 | $ 72.79 | $ 90.42 | $ 17.63 | 24.22% |
| 31 | Median Usage | | | | |
| 32 | 12,500 | $ 67.80 | $ 80.00 | $ 12.21 | 18.00% |

**Present Rates:**

| | | | |
|---|---|---|---|
| Monthly Minimum: | | | $ 25.00 |
| Gallons in Minimum | | | - |
| Charge Per 1,000 Gallons | | | |
| | Up to | 40,000 | $ 1.15 |
| | Over | 40,000 | $ 1.35 |
| Arsenic Surcharge | | | $ 28.42 |

**Proposed Rates:**

| | | | |
|---|---|---|---|
| Monthly Minimum: | | | $ 50.00 |
| Gallons in Minimum | | | - |
| Charge Per 1,000 Gallons | | | |
| | Up to | 25,000 | $ 2.40 |
| | Over | 25,000 | $ 3.00 |
| Arsenic Surcharge | | | $ - |

**Las Quintas Serenas Water Company**
Bill Comparison Present and Proposed Rates
Meter Size: 1.5 Inch

Exhibit
Schedule H-4
Page 4
Witness: Bourassa

| Line No. | Usage | Present Bill | Proposed Bill | Dollar Increase | Percent Increase |
|---|---|---|---|---|---|
| 1 | - | $ 111.84 | $ 100.00 | $ (11.84) | -10.59% |
| 2 | 1,000 | 112.99 | 102.40 | (10.59) | -9.37% |
| 3 | 2,000 | 114.14 | 104.80 | (9.34) | -8.18% |
| 4 | 3,000 | 115.29 | 107.20 | (8.09) | -7.02% |
| 5 | 4,000 | 116.44 | 109.60 | (6.84) | -5.87% |
| 6 | 5,000 | 117.59 | 112.00 | (5.59) | -4.75% |
| 7 | 6,000 | 118.74 | 114.40 | (4.34) | -3.66% |
| 8 | 7,000 | 119.89 | 116.80 | (3.09) | -2.58% |
| 9 | 8,000 | 121.04 | 119.20 | (1.84) | -1.52% |
| 10 | 9,000 | 122.19 | 121.60 | (0.59) | -0.48% |
| 11 | 10,000 | 123.34 | 124.00 | 0.66 | 0.54% |
| 12 | 12,000 | 125.64 | 128.80 | 3.16 | 2.52% |
| 13 | 14,000 | 127.94 | 133.60 | 5.66 | 4.42% |
| 14 | 16,000 | 130.24 | 138.40 | 8.16 | 6.27% |
| 15 | 18,000 | 132.54 | 143.20 | 10.66 | 8.04% |
| 16 | 20,000 | 134.84 | 148.00 | 13.16 | 9.76% |
| 17 | 25,000 | 140.59 | 160.00 | 19.41 | 13.81% |
| 18 | 30,000 | 146.34 | 172.00 | 25.66 | 17.53% |
| 19 | 35,000 | 152.09 | 184.00 | 31.91 | 20.98% |
| 20 | 40,000 | 157.84 | 196.00 | 38.16 | 24.18% |
| 21 | 50,000 | 169.34 | 220.00 | 50.66 | 29.92% |
| 22 | 60,000 | 180.84 | 250.00 | 69.16 | 38.24% |
| 23 | 70,000 | 192.34 | 280.00 | 87.66 | 45.58% |
| 24 | 80,000 | 203.84 | 310.00 | 106.16 | 52.08% |
| 25 | 90,000 | 215.34 | 340.00 | 124.66 | 57.89% |
| 26 | 100,000 | 226.84 | 370.00 | 143.16 | 63.11% |
| 27 | | | | | |
| 28 | | | | | |
| 29 | Average Usage | | | | |
| 30 | 52,477 | $ 172.19 | $ 227.43 | $ 55.24 | 32.08% |
| 31 | Median Usage | | | | |
| 32 | 36,500 | $ 153.82 | $ 187.60 | $ 33.79 | 21.96% |
| 33 | | | | | |
| 34 | | | | | |

**Present Rates:**

| | | | |
|---|---|---|---|
| Monthly Minimum: | | | $ 55.00 |
| Gallons in Minimum | | | - |
| Charge Per 1,000 Gallons | | | |
| | Up to | 100,000 | $ 1.15 |
| | Over | 100,000 | $ 1.35 |
| Arsenic Surcharge | | | $ 56.84 |

**Proposed Rates:**

| | | | |
|---|---|---|---|
| Monthly Minimum: | | | $ 100.00 |
| Gallons in Minimum | | | - |
| Charge Per 1,000 Gallons | | | |
| | Up to | 50,000 | $ 2.40 |
| | Over | 50,000 | $ 3.00 |
| Arsenic Surcharge | | | $ - |

**Las Quintas Serenas Water Company**
Bill Comparison Present and Proposed Rates
Meter Size: 2 Inch

Exhibit
Schedule H-4
Page 5
Witness: Bourassa

| Line No. | Usage | Present Bill | Proposed Bill | Dollar Increase | Percent Increase |
|---|---|---|---|---|---|
| 1 | - | $ 160.94 | $ 160.00 | $ (0.94) | -0.58% |
| 2 | 1,000 | 162.09 | 162.40 | 0.31 | 0.19% |
| 3 | 2,000 | 163.24 | 164.80 | 1.56 | 0.96% |
| 4 | 3,000 | 164.39 | 167.20 | 2.81 | 1.71% |
| 5 | 4,000 | 165.54 | 169.60 | 4.06 | 2.45% |
| 6 | 5,000 | 166.69 | 172.00 | 5.31 | 3.19% |
| 7 | 6,000 | 167.84 | 174.40 | 6.56 | 3.91% |
| 8 | 7,000 | 168.99 | 176.80 | 7.81 | 4.62% |
| 9 | 8,000 | 170.14 | 179.20 | 9.06 | 5.33% |
| 10 | 9,000 | 171.29 | 181.60 | 10.31 | 6.02% |
| 11 | 10,000 | 172.44 | 184.00 | 11.56 | 6.70% |
| 12 | 12,000 | 174.74 | 188.80 | 14.06 | 8.05% |
| 13 | 14,000 | 177.04 | 193.60 | 16.56 | 9.35% |
| 14 | 16,000 | 179.34 | 198.40 | 19.06 | 10.63% |
| 15 | 18,000 | 181.64 | 203.20 | 21.56 | 11.87% |
| 16 | 20,000 | 183.94 | 208.00 | 24.06 | 13.08% |
| 17 | 25,000 | 189.69 | 220.00 | 30.31 | 15.98% |
| 18 | 30,000 | 195.44 | 232.00 | 36.56 | 18.71% |
| 19 | 35,000 | 201.19 | 244.00 | 42.81 | 21.28% |
| 20 | 40,000 | 206.94 | 256.00 | 49.06 | 23.71% |
| 21 | 50,000 | 218.44 | 280.00 | 61.56 | 28.18% |
| 22 | 60,000 | 229.94 | 304.00 | 74.06 | 32.21% |
| 23 | 70,000 | 241.44 | 328.00 | 86.56 | 35.85% |
| 24 | 80,000 | 252.94 | 352.00 | 99.06 | 39.16% |
| 25 | 90,000 | 264.44 | 382.00 | 117.56 | 44.46% |
| 26 | 100,000 | 275.94 | 412.00 | 136.06 | 49.31% |
| 27 | | | | | |
| 28 | | | | | |
| 29 | Average Usage | | | | |
| 30 | 153,057 | $ 337.57 | $ 571.17 | 233.60 | 69.20% |
| 31 | Median Usage | | | | |
| 32 | 39,500 | $ 206.37 | $ 254.80 | $ 48.44 | 23.47% |

**Present Rates:**

| | | |
|---|---|---|
| Monthly Minimum: | | $ 70.00 |
| Gallons in Minimum | | - |
| Charge Per 1,000 Gallons | | |
| Up to | 150,000 | $ 1.15 |
| Over | 150,000 | $ 1.35 |
| Arsenic Surcharge | | $ 90.94 |

**Proposed Rates:**

| | | |
|---|---|---|
| Monthly Minimum: | | $ 160.00 |
| Gallons in Minimum | | - |
| Charge Per 1,000 Gallons | | |
| Up to | 80,000 | $ 2.40 |
| Over | 80,000 | $ 3.00 |
| Arsenic Surcharge | | $ - |

**Las Quintas Serenas Water Company**
Bill Comparison Present and Proposed Rates
Meter Size: 4 Inch

Exhibit
Schedule H-4
Page 6
Witness: Bourassa

| Line No. | Usage | Present Bill | Proposed Bill | Dollar Increase | Percent Increase |
|---|---|---|---|---|---|
| 1 | - | $ 509.20 | $ 500.00 | $ (9.20) | -1.81% |
| 2 | 1,000 | 510.35 | 502.40 | (7.95) | -1.56% |
| 3 | 2,000 | 511.50 | 504.80 | (6.70) | -1.31% |
| 4 | 3,000 | 512.65 | 507.20 | (5.45) | -1.06% |
| 5 | 4,000 | 513.80 | 509.60 | (4.20) | -0.82% |
| 6 | 5,000 | 514.95 | 512.00 | (2.95) | -0.57% |
| 7 | 6,000 | 516.10 | 514.40 | (1.70) | -0.33% |
| 8 | 7,000 | 517.25 | 516.80 | (0.45) | -0.09% |
| 9 | 8,000 | 518.40 | 519.20 | 0.80 | 0.15% |
| 10 | 9,000 | 519.55 | 521.60 | 2.05 | 0.39% |
| 11 | 10,000 | 520.70 | 524.00 | 3.30 | 0.63% |
| 12 | 12,000 | 523.00 | 528.80 | 5.80 | 1.11% |
| 13 | 14,000 | 525.30 | 533.60 | 8.30 | 1.58% |
| 14 | 16,000 | 527.60 | 538.40 | 10.80 | 2.05% |
| 15 | 18,000 | 529.90 | 543.20 | 13.30 | 2.51% |
| 16 | 20,000 | 532.20 | 548.00 | 15.80 | 2.97% |
| 17 | 25,000 | 537.95 | 560.00 | 22.05 | 4.10% |
| 18 | 30,000 | 543.70 | 572.00 | 28.30 | 5.21% |
| 19 | 35,000 | 549.45 | 584.00 | 34.55 | 6.29% |
| 20 | *40,000* | *555.20* | *596.00* | *40.80* | 7.35% |
| 21 | 50,000 | 566.70 | 620.00 | 53.30 | 9.41% |
| 22 | 60,000 | 578.20 | 644.00 | 65.80 | 11.38% |
| 23 | 70,000 | 589.70 | 668.00 | 78.30 | 13.28% |
| 24 | 80,000 | 601.20 | 692.00 | 90.80 | 15.10% |
| 25 | 90,000 | 612.70 | 716.00 | 103.30 | 16.86% |
| 26 | 100,000 | 624.20 | 740.00 | 115.80 | 18.55% |
| 27 | | | | | |
| 28 | | | | | |
| 29 | Average Usage | | | | |
| 30 | 401,611 | $ 971.37 | $ 1,554.83 | $ 583.46 | 60.07% |
| 31 | Median Usage | | | | |
| 32 | 350,000 | $ 911.70 | $ 1,400.00 | $ 488.30 | 53.56% |
| 33 | | | | | |
| 34 | | | | | |

**Present Rates:**

| | | | |
|---|---|---|---|
| Monthly Minimum: | | | $ 225.00 |
| Gallons in Minimum | | | - |
| Charge Per 1,000 Gallons | | | |
| | Up to | 400,000 | $ 1.15 |
| | Over | 400,000 | $ 1.35 |
| Arsenic Surcharge | | | $ 284.20 |

**Proposed Rates:**

| | | | |
|---|---|---|---|
| Monthly Minimum: | | | $ 500.00 |
| Gallons in Minimum | | | - |
| Charge Per 1,000 Gallons | | | |
| | Up to | 250,000 | $ 2.40 |
| | Over | 250,000 | $ 3.00 |
| *Arsenic Surcharge* | | | $ - |

**Las Quintas Serenas Water Company**
Bill Comparison Present and Proposed Rates
Meter Size: Standpipe

Exhibit
Schedule H-4
Page 7
Witness: Bourassa

| Line No. | Usage | Present Bill | Proposed Bill | Dollar Increase | Percent Increase |
|---|---|---|---|---|---|
| 1 | - | $ 21.47 | $ 20.20 | $ (1.27) | -5.92% |
| 2 | 1,000 | 22.42 | 22.10 | (0.32) | -1.43% |
| 3 | 2,000 | 23.37 | 24.00 | 0.63 | 2.70% |
| 4 | 3,000 | 24.32 | 25.90 | 1.58 | 6.50% |
| 5 | 4,000 | 25.27 | 27.80 | 2.53 | 10.01% |
| 6 | 5,000 | 26.42 | 30.20 | 3.78 | 14.31% |
| 7 | 6,000 | 27.57 | 32.60 | 5.03 | 18.24% |
| 8 | 7,000 | 28.72 | 35.00 | 6.28 | 21.87% |
| 9 | 8,000 | 29.87 | 37.40 | 7.53 | 25.21% |
| 10 | 9,000 | 31.02 | 39.80 | 8.78 | 28.30% |
| 11 | 10,000 | 32.17 | 42.20 | 10.03 | 31.18% |
| 12 | 12,000 | 34.47 | 48.20 | 13.73 | 39.83% |
| 13 | 14,000 | 36.77 | 54.20 | 17.43 | 47.40% |
| 14 | 16,000 | 39.07 | 60.20 | 21.13 | 54.08% |
| 15 | 18,000 | 41.37 | 66.20 | 24.83 | 60.02% |
| 16 | 20,000 | 43.67 | 72.20 | 28.53 | 65.33% |
| 17 | 25,000 | 49.82 | 87.20 | 37.38 | 75.03% |
| 18 | 30,000 | 56.57 | 102.20 | 45.63 | 80.66% |
| 19 | 35,000 | 63.32 | 117.20 | 53.88 | 85.09% |
| 20 | 40,000 | 70.07 | 132.20 | 62.13 | 88.67% |
| 21 | 50,000 | 83.57 | 162.20 | 78.63 | 94.09% |
| 22 | 60,000 | 97.07 | 192.20 | 95.13 | 98.00% |
| 23 | 70,000 | 110.57 | 222.20 | 111.63 | 100.96% |
| 24 | 80,000 | 124.07 | 252.20 | 128.13 | 103.27% |
| 25 | 90,000 | 137.57 | 282.20 | 144.63 | 105.13% |
| 26 | 100,000 | 151.07 | 312.20 | 161.13 | 106.66% |
| 27 | | | | | |
| 28 | | | | | |
| 29 | Average Usage | | | | |
| 30 | 11,823 | $ 34.27 | $ 47.67 | $ 13.40 | 39.11% |
| 31 | Median Usage | | | | |
| 32 | 3,500 | $ 24.80 | $ 26.85 | $ 2.06 | 8.29% |
| 33 | | | | | |
| 34 | | | | | |

**Present Rates:**

| | | |
|---|---|---|
| Monthly Minimum: | | $10.10 |
| Gallons in Minimum | | - |
| Charge Per 1,000 Gallons | | |
| Up to | 4,000 | $ 0.95 |
| Up to | 23,000 | $ 1.15 |
| Over | 23,000 | $ 1.35 |
| Arsenic Surcharge | | $11.37 |

**Proposed Rates:**

| | | |
|---|---|---|
| Monthly Minimum: | | $20.20 |
| Gallons in Minimum | | - |
| Charge Per 1,000 Gallons | | |
| Up to | 4,000 | $ 1.90 |
| Up to | 10,000 | $ 2.40 |
| Over | 10,000 | $ 3.00 |
| Arsenic Surcharge | | $ - |

**Las Quintas Serenas Water Company**
Bill Comparison Present and Proposed Rates
Meter Size: Fire Sprinkler less than 6 Inch

Exhibit
Schedule H-4
Page 8
Witness: Bourassa

| Line No. | Usage | Present Bill | Proposed Bill | Dollar Increase | Percent Increase |
|---|---|---|---|---|---|
| 1 | | | | | |
| 2 | | | | | |
| 3 | - | $ 10.00 | $ 10.00 | $ - | 0.00% |
| 4 | 1,000 | 10.00 | 10.00 | - | 0.00% |
| 5 | 2,000 | 10.00 | 10.00 | - | 0.00% |
| 6 | 3,000 | 10.00 | 10.00 | - | 0.00% |
| 7 | 4,000 | 10.00 | 10.00 | - | 0.00% |
| 8 | 5,000 | 10.00 | 10.00 | - | 0.00% |
| 9 | 6,000 | 10.00 | 10.00 | - | 0.00% |
| 10 | 7,000 | 10.00 | 10.00 | - | 0.00% |
| 11 | 8,000 | 10.00 | 10.00 | - | 0.00% |
| 12 | 9,000 | 10.00 | 10.00 | - | 0.00% |
| 13 | 10,000 | 10.00 | 10.00 | - | 0.00% |
| 14 | 12,000 | 10.00 | 10.00 | - | 0.00% |
| 15 | 14,000 | 10.00 | 10.00 | - | 0.00% |
| 16 | 16,000 | 10.00 | 10.00 | - | 0.00% |
| 17 | 18,000 | 10.00 | 10.00 | - | 0.00% |
| 18 | 20,000 | 10.00 | 10.00 | - | 0.00% |
| 19 | 25,000 | 10.00 | 10.00 | - | 0.00% |
| 20 | 30,000 | 10.00 | 10.00 | - | 0.00% |
| 21 | 35,000 | 10.00 | 10.00 | - | 0.00% |
| 22 | 40,000 | 10.00 | 10.00 | - | 0.00% |
| 23 | 50,000 | 10.00 | 10.00 | - | 0.00% |
| 24 | 60,000 | 10.00 | 10.00 | - | 0.00% |
| 25 | 70,000 | 10.00 | 10.00 | - | 0.00% |
| 26 | 80,000 | 10.00 | 10.00 | - | 0.00% |
| 27 | 90,000 | 10.00 | 10.00 | - | 0.00% |
| 28 | 100,000 | 10.00 | 10.00 | - | 0.00% |
| 29 | | | | | |
| 30 | | | | | |
| 31 | Average Usage | | | | |
| 32 | - | $ 10.00 | $ 10.00 | $ - | 0.00% |
| 33 | Median Usage | | | | |
| 34 | - | $ 10.00 | $ 10.00 | $ - | 0.00% |

**Present Rates:**
Monthly Minimum: $10.00

**Proposed Rates:**
Monthly Minimum: $10.00

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Meter Size: 5/8 Inch

Exhibit
Schedule H-5
Page 1
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumul-ative Billing | Cumul-ative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| - | - | 13 | 20 | 28 | 18 | 19 | 20 | 22 | 18 | 18 | 19 | 12 | 17 | 224 | 224 | - |
| 1 | 1,000 | 31 | 30 | 24 | 21 | 18 | 26 | 29 | 34 | 27 | 21 | 35 | 28 | 324 | 548 | 162,162 |
| 1,001 | 2,000 | 22 | 37 | 29 | 28 | 21 | 38 | 39 | 43 | 20 | 27 | 32 | 32 | 368 | 916 | 714,346 |
| 2,001 | 3,000 | 36 | 53 | 46 | 41 | 39 | 61 | 56 | 68 | 49 | 43 | 36 | 25 | 553 | 1,469 | 2,097,123 |
| 3,001 | 4,000 | 30 | 54 | 51 | 54 | 47 | 69 | 91 | 75 | 65 | 54 | 51 | 25 | 666 | 2,135 | 4,428,456 |
| 4,001 | 5,000 | 44 | 50 | 58 | 60 | 49 | 76 | 71 | 93 | 70 | 54 | 51 | 26 | 702 | 2,837 | 7,587,807 |
| 5,001 | 6,000 | 49 | 58 | 61 | 58 | 50 | 76 | 78 | 90 | 72 | 58 | 48 | 35 | 733 | 3,570 | 11,619,673 |
| 6,001 | 7,000 | 35 | 47 | 59 | 54 | 50 | 63 | 72 | 54 | 65 | 69 | 63 | 32 | 663 | 4,233 | 15,929,505 |
| 7,001 | 8,000 | 44 | 38 | 50 | 55 | 61 | 69 | 56 | 61 | 70 | 49 | 59 | 41 | 653 | 4,886 | 20,827,331 |
| 8,001 | 9,000 | 48 | 59 | 38 | 40 | 36 | 49 | 52 | 48 | 43 | 54 | 44 | 49 | 560 | 5,446 | 25,587,611 |
| 9,001 | 10,000 | 29 | 42 | 34 | 44 | 46 | 41 | 36 | 37 | 51 | 45 | 47 | 40 | 492 | 5,938 | 30,261,857 |
| 10,001 | 11,000 | 35 | 38 | 39 | 28 | 41 | 42 | 42 | 36 | 41 | 52 | 32 | 38 | 464 | 6,402 | 35,134,089 |
| 11,001 | 12,000 | 35 | 33 | 30 | 40 | 33 | 21 | 25 | 20 | 24 | 26 | 33 | 28 | 348 | 6,750 | 39,136,263 |
| 12,001 | 13,000 | 28 | 31 | 27 | 33 | 41 | 29 | 35 | 27 | 37 | 24 | 48 | 29 | 389 | 7,139 | 43,998,958 |
| 13,001 | 14,000 | 38 | 26 | 35 | 31 | 38 | 21 | 18 | 29 | 27 | 28 | 15 | 41 | 347 | 7,486 | 48,683,631 |
| 14,001 | 15,000 | 31 | 22 | 27 | 24 | 22 | 16 | 14 | 13 | 29 | 26 | 21 | 32 | 279 | 7,765 | 52,729,271 |
| 15,001 | 16,000 | 23 | 14 | 21 | 18 | 29 | 8 | 18 | 18 | 7 | 19 | 22 | 22 | 219 | 7,984 | 56,123,880 |
| 16,001 | 17,000 | 23 | 15 | 25 | 12 | 25 | 24 | 10 | 1 | 20 | 12 | 21 | 18 | 206 | 8,190 | 59,522,983 |
| 17,001 | 18,000 | 14 | 18 | 14 | 16 | 13 | 9 | 9 | 6 | 14 | 14 | 22 | 13 | 162 | 8,352 | 62,358,064 |
| 18,001 | 19,000 | 17 | 22 | 14 | 16 | 18 | 10 | 3 | 2 | 10 | 16 | 6 | 25 | 159 | 8,511 | 65,299,644 |
| 19,001 | 20,000 | 12 | 11 | 11 | 13 | 14 | 9 | 6 | 7 | 8 | 16 | 10 | 14 | 131 | 8,642 | 67,854,209 |
| 20,001 | 21,000 | 13 | 12 | 12 | 13 | 5 | 6 | 6 | 2 | 7 | 15 | 12 | 22 | 125 | 8,767 | 70,416,772 |
| 21,001 | 22,000 | 16 | 6 | 10 | 13 | 6 | 3 | 7 | 7 | 9 | 6 | 7 | 18 | 108 | 8,875 | 72,738,826 |
| 22,001 | 23,000 | 15 | 12 | 8 | 13 | 13 | 1 | 4 | 7 | 2 | 5 | 9 | 8 | 97 | 8,972 | 74,921,374 |
| 23,001 | 24,000 | 17 | 10 | 6 | 5 | 8 | 4 | 3 | 3 | 2 | 5 | 6 | 11 | 80 | 9,052 | 76,801,414 |
| 24,001 | 25,000 | 13 | 6 | 6 | 11 | 4 | 3 | 2 | 2 | 2 | 2 | 7 | 10 | 68 | 9,120 | 78,467,448 |
| 25,001 | 26,000 | 11 | 3 | 5 | 6 | 8 | 3 | 3 | 3 | 4 | 6 | 9 | 13 | 74 | 9,194 | 80,354,485 |
| 26,001 | 27,000 | 6 | 6 | 7 | 7 | 3 | 1 | 1 | - | 2 | 5 | 6 | 10 | 54 | 9,248 | 81,785,512 |
| 27,001 | 28,000 | 14 | 3 | 5 | 3 | 1 | 3 | - | 2 | 2 | 2 | 1 | 14 | 50 | 9,298 | 83,160,537 |
| 28,001 | 29,000 | 5 | 5 | 4 | 3 | 1 | 2 | - | 1 | 5 | 3 | 3 | 12 | 44 | 9,342 | 84,414,559 |
| 29,001 | 30,000 | 7 | 7 | 3 | 3 | 7 | 1 | - | 1 | 2 | 3 | 3 | 2 | 39 | 9,381 | 85,565,079 |
| 30,001 | 31,000 | 4 | 4 | 4 | 2 | 2 | 3 | 1 | 1 | 3 | 2 | 2 | 7 | 35 | 9,416 | 86,632,596 |
| 31,001 | 32,000 | - | 3 | 1 | 4 | - | - | - | 1 | 2 | 4 | 3 | 5 | 23 | 9,439 | 87,357,108 |
| 32,001 | 33,000 | 5 | 4 | 4 | 4 | 2 | 1 | 1 | 2 | 1 | 1 | 1 | 8 | 34 | 9,473 | 88,462,125 |
| 33,001 | 34,000 | 1 | 1 | 1 | 1 | 3 | 2 | - | - | 2 | 3 | 5 | 2 | 21 | 9,494 | 89,165,635 |
| 34,001 | 35,000 | 2 | 3 | 1 | - | 7 | 1 | - | 2 | 1 | - | 4 | 4 | 25 | 9,519 | 90,028,148 |
| 35,001 | 36,000 | 6 | 2 | 5 | 3 | 4 | - | 3 | 2 | 2 | 4 | 1 | 3 | 35 | 9,554 | 91,270,665 |
| 36,001 | 37,000 | 5 | 1 | - | 1 | 1 | - | 3 | - | - | 1 | 4 | 4 | 20 | 9,574 | 92,000,675 |
| 37,001 | 38,000 | 2 | 1 | 4 | 2 | 3 | - | 1 | 3 | - | 1 | 4 | - | 21 | 9,595 | 92,788,186 |
| 38,001 | 39,000 | 4 | 2 | 1 | 3 | 2 | 1 | 1 | - | - | 3 | - | 4 | 21 | 9,616 | 93,596,696 |
| 39,001 | 40,000 | 1 | 2 | - | - | 2 | - | - | - | 1 | 1 | 2 | 4 | 13 | 9,629 | 94,110,203 |
| 40,001 | 41,000 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 1 | 1 | - | 2 | 3 | 15 | 9,644 | 94,717,710 |
| 41,001 | 42,000 | - | 3 | 3 | 1 | - | - | 1 | - | 2 | - | - | 1 | 11 | 9,655 | 95,174,216 |
| 42,001 | 43,000 | 4 | - | 2 | 2 | 2 | 2 | - | - | 1 | 2 | - | 1 | 16 | 9,671 | 95,854,224 |
| 43,001 | 44,000 | 2 | 1 | 1 | - | 2 | - | - | 2 | 1 | 2 | - | 1 | 12 | 9,683 | 96,376,230 |
| 44,001 | 45,000 | 1 | - | - | 1 | 2 | - | - | - | 1 | - | 2 | 4 | 11 | 9,694 | 96,865,735 |
| 45,001 | 46,000 | - | 1 | - | 1 | 1 | - | - | - | 1 | - | 1 | 5 | 10 | 9,704 | 97,320,740 |
| 46,001 | 47,000 | - | - | - | - | - | - | - | - | - | - | 1 | 2 | 3 | 9,707 | 97,460,242 |
| 47,001 | 48,000 | 1 | - | - | 1 | - | - | - | - | - | - | 1 | 2 | 5 | 9,712 | 97,697,744 |
| 48,001 | 49,000 | 1 | 1 | - | - | 4 | 1 | - | - | 1 | 1 | - | - | 9 | 9,721 | 98,134,249 |
| 49,001 | 50,000 | 1 | - | - | - | - | - | - | - | - | - | 1 | - | 2 | 9,723 | 98,233,250 |
| 50,001 | 51,000 | 3 | - | - | 1 | - | - | - | - | - | - | - | 1 | 5 | 9,728 | 98,485,752 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Meter Size: 5/8 Inch

Exhibit
Schedule H-5
Page 1
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumulative Billing | Cumulative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 51,001 | 52,000 | - | 2 | - | - | 2 | 1 | - | - | 1 | 1 | 1 | 1 | 9 | 9,737 | 98,949,257 |
| 52,001 | 53,000 | 1 | - | - | - | - | - | - | - | - | 1 | - | 1 | 3 | 9,740 | 99,106,758 |
| 53,001 | 54,000 | - | - | 1 | - | - | 1 | - | - | - | - | 1 | 1 | 4 | 9,744 | 99,320,760 |
| 54,001 | 55,000 | 2 | - | - | 2 | - | - | - | - | - | - | 2 | 1 | 7 | 9,751 | 99,702,264 |
| 55,001 | 56,000 | - | 1 | - | 1 | - | - | - | - | - | - | - | 5 | 7 | 9,758 | 100,090,767 |
| 56,001 | 57,000 | - | - | 1 | - | - | - | - | - | - | - | - | 2 | 3 | 9,761 | 100,260,269 |
| 57,001 | 58,000 | 2 | - | - | - | 2 | - | 1 | - | - | - | 1 | - | 6 | 9,767 | 100,605,272 |
| 58,001 | 59,000 | 2 | - | - | - | 3 | - | - | 1 | - | - | - | - | 6 | 9,773 | 100,956,275 |
| 59,001 | 60,000 | 2 | 1 | - | - | - | - | - | - | - | - | - | 1 | 4 | 9,777 | 101,194,277 |
| 60,001 | 61,000 | - | - | 1 | - | 1 | - | - | - | - | 1 | - | - | 3 | 9,780 | 101,375,778 |
| 61,001 | 62,000 | - | - | - | 1 | 1 | 1 | - | - | - | - | - | - | 3 | 9,783 | 101,560,260 |
| 62,001 | 63,000 | 1 | - | 1 | 1 | - | - | - | - | - | - | 1 | - | 4 | 9,787 | 101,810,282 |
| 63,001 | 64,000 | - | - | - | - | - | 1 | 1 | - | - | - | - | - | 2 | 9,789 | 101,937,283 |
| 64,001 | 65,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9,789 | 101,937,283 |
| 65,001 | 66,000 | - | 1 | - | - | 2 | - | - | - | - | - | - | - | 3 | 9,792 | 102,133,784 |
| 66,001 | 67,000 | - | - | - | - | - | - | - | - | - | 1 | - | - | 1 | 9,793 | 102,200,285 |
| 67,001 | 68,000 | 1 | - | - | - | - | - | 1 | - | - | - | - | - | 2 | 9,795 | 102,335,286 |
| 68,001 | 69,000 | - | - | 1 | - | - | - | - | - | - | - | - | - | 1 | 9,796 | 102,403,786 |
| 69,001 | 70,000 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 9,797 | 102,473,287 |
| 70,001 | 71,000 | - | - | - | - | 1 | 1 | - | - | - | - | - | - | 2 | 9,799 | 102,614,288 |
| 71,001 | 72,000 | 1 | 1 | - | - | - | - | - | - | - | - | - | - | 2 | 9,801 | 102,757,289 |
| 72,001 | 73,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9,801 | 102,757,289 |
| 73,001 | 74,000 | 1 | - | - | - | 2 | - | - | - | - | 1 | - | 1 | 5 | 9,806 | 103,124,791 |
| 74,001 | 75,000 | 2 | - | - | - | - | 1 | - | - | - | - | - | 1 | 4 | 9,810 | 103,422,793 |
| 75,001 | 76,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9,810 | 103,422,793 |
| 76,001 | 77,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9,810 | 103,422,793 |
| 77,001 | 78,000 | - | - | 1 | - | - | - | - | - | - | - | 1 | - | 2 | 9,812 | 103,577,794 |
| 78,001 | 79,000 | - | 1 | - | 1 | - | - | - | - | - | - | - | - | 2 | 9,814 | 103,734,795 |
| 79,001 | 80,000 | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 2 | 9,816 | 103,893,796 |
| 80,001 | 81,000 | 1 | - | - | - | - | 1 | - | - | 1 | - | - | 1 | 4 | 9,820 | 104,215,798 |
| 81,001 | 82,000 | - | - | 1 | - | - | - | - | - | - | - | - | - | 1 | 9,821 | 104,297,299 |
| 82,001 | 83,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9,821 | 104,297,299 |
| 83,001 | 84,000 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 9,822 | 104,380,799 |
| 84,001 | 85,000 | - | - | - | - | 1 | - | - | - | - | - | - | - | 1 | 9,823 | 104,465,300 |
| 85,001 | 86,000 | - | - | - | - | 1 | - | - | - | - | - | - | - | 1 | 9,824 | 104,550,800 |
| 86,001 | 87,000 | - | - | - | 1 | - | - | - | - | - | - | - | - | 1 | 9,825 | 104,637,301 |
| 87,001 | 88,000 | - | 1 | - | 1 | - | - | - | - | - | - | - | - | 2 | 9,827 | 104,812,302 |
| 88,001 | 89,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9,827 | 104,812,302 |
| 89,001 | 90,000 | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | 9,828 | 104,901,802 |
| 90,001 | 91,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9,828 | 104,901,802 |
| 91,001 | 92,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9,828 | 104,901,802 |
| 92,001 | 93,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9,828 | 104,901,802 |
| 93,001 | 94,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9,828 | 104,901,802 |
| 94,001 | 95,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9,828 | 104,901,802 |
| 95,001 | 96,000 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 9,829 | 104,997,303 |
| 96,001 | 97,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9,829 | 104,997,303 |
| 97,001 | 98,000 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 9,830 | 105,094,803 |
| 98,001 | 99,000 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 9,831 | 105,193,304 |
| 99,001 | 100,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9,831 | 105,193,304 |
| 103,200 | 103,200 | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | 9,832 | 105,296,504 |
| 102,400 | 102,400 | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | 9,833 | 105,398,904 |
| 100,900 | 100,900 | - | - | 1 | - | - | - | - | - | - | - | - | - | 1 | 9,834 | 105,499,804 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Meter Size: 5/8 Inch

Exhibit
Schedule H-5
Page 1
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumul-ative Billing | Cumul-ative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 103,700 | 103,700 | - | - | - | 1 | - | - | - | - | - | - | - | - | 1 | 9,835 | 105,603,504 |
| 120,900 | 120,900 | - | - | - | - | 1 | - | - | - | - | - | - | - | 1 | 9,836 | 105,724,404 |
| 106,700 | 106,700 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 9,837 | 105,831,104 |
| 103,900 | 103,900 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 9,838 | 105,935,004 |
| | - | | | | | | | | | | | | | - | 9,838 | 105,935,004 |
| | - | | | | | | | | | | | | | - | 9,838 | 105,935,004 |
| Totals | | 817 | 826 | 823 | 818 | 821 | 823 | 824 | 823 | 826 | 810 | 813 | 814 | 9,838 | | |

| | |
|---|---|
| Average Usage | 10,768 |
| Median Usage | 8,500 |
| Average # Customers | 820 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Meter Size: 3/4 Inch

Exhibit
Schedule H-5
Page 2
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumulative Billing | Cumulative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1 | 1,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1,001 | 2,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2,001 | 3,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3,001 | 4,000 | - | 1 | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 3,501 |
| 4,001 | 5,000 | - | - | - | - | 1 | - | - | - | - | - | - | - | 1 | 2 | 8,001 |
| 5,001 | 6,000 | - | - | 1 | - | - | - | 1 | 1 | - | 1 | - | - | 4 | 6 | 30,003 |
| 6,001 | 7,000 | 1 | - | - | - | - | 1 | 1 | 1 | - | - | - | - | 4 | 10 | 56,005 |
| 7,001 | 8,000 | - | 1 | - | - | - | - | - | - | 1 | 1 | - | - | 3 | 13 | 78,507 |
| 8,001 | 9,000 | - | - | - | - | - | - | - | - | 1 | - | 2 | - | 3 | 16 | 104,008 |
| 9,001 | 10,000 | - | - | - | 1 | 1 | - | - | - | - | - | - | - | 2 | 18 | 123,009 |
| 10,001 | 11,000 | 1 | - | - | - | - | 2 | - | - | 2 | 1 | 1 | 1 | 8 | 26 | 207,013 |
| 11,001 | 12,000 | - | - | 1 | - | - | - | 1 | 1 | - | - | - | - | 3 | 29 | 241,515 |
| 12,001 | 13,000 | 1 | - | - | 1 | - | - | - | - | - | - | - | 1 | 3 | 32 | 279,016 |
| 13,001 | 14,000 | - | - | - | - | - | - | 1 | - | - | - | - | - | 1 | 33 | 292,517 |
| 14,001 | 15,000 | - | 1 | - | - | - | - | - | 1 | 1 | 1 | - | 1 | 5 | 38 | 365,019 |
| 15,001 | 16,000 | - | - | 1 | - | - | 1 | 1 | 1 | - | - | - | - | 4 | 42 | 427,021 |
| 16,001 | 17,000 | - | - | - | - | - | - | - | - | - | - | 1 | - | 1 | 43 | 443,522 |
| 17,001 | 18,000 | - | 1 | - | - | - | - | 1 | 1 | - | - | - | - | 3 | 46 | 496,023 |
| 18,001 | 19,000 | - | - | - | - | - | - | - | - | - | 1 | - | 1 | 2 | 48 | 533,024 |
| 19,001 | 20,000 | - | - | - | - | - | 1 | - | - | 1 | - | 1 | - | 3 | 51 | 591,526 |
| 20,001 | 21,000 | - | 1 | 1 | 1 | 1 | 1 | - | - | - | - | 1 | - | 6 | 57 | 714,529 |
| 21,001 | 22,000 | - | 1 | - | 2 | - | - | - | - | - | - | - | - | 3 | 60 | 779,030 |
| 22,001 | 23,000 | - | - | - | - | - | - | - | - | - | 1 | - | - | 1 | 61 | 801,531 |
| 23,001 | 24,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 61 | 801,531 |
| 24,001 | 25,000 | 1 | - | - | - | 1 | - | - | - | - | - | - | - | 2 | 63 | 850,532 |
| 25,001 | 26,000 | - | - | 1 | - | - | - | - | - | - | - | - | - | 1 | 64 | 876,032 |
| 26,001 | 27,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 64 | 876,032 |
| 27,001 | 28,000 | 1 | - | 1 | - | - | - | - | - | - | - | - | 1 | 3 | 67 | 958,534 |
| 28,001 | 29,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 67 | 958,534 |
| 29,001 | 30,000 | - | - | - | - | 1 | - | - | - | - | - | - | - | 1 | 68 | 988,034 |
| 30,001 | 31,000 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 69 | 1,018,535 |
| 31,001 | 32,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 69 | 1,018,535 |
| 32,001 | 33,000 | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | 70 | 1,051,035 |
| 33,001 | 34,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 70 | 1,051,035 |
| 34,001 | 35,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 70 | 1,051,035 |
| 35,001 | 36,000 | - | - | - | 1 | - | - | - | - | - | - | - | - | 1 | 71 | 1,086,536 |
| 36,001 | 37,000 | - | - | - | - | 1 | - | - | - | - | - | - | - | 1 | 72 | 1,123,036 |
| 37,001 | 38,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 38,001 | 39,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 39,001 | 40,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 40,001 | 41,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 41,001 | 42,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 42,001 | 43,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 43,001 | 44,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 44,001 | 45,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 45,001 | 46,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 46,001 | 47,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 47,001 | 48,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 48,001 | 49,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Meter Size: 3/4 Inch

Exhibit
Schedule H-5
Page 2
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumul-ative Billing | Cumul-ative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 49,001 | 50,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 50,001 | 51,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 51,001 | 52,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 52,001 | 53,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 53,001 | 54,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 54,001 | 55,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 55,001 | 56,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 56,001 | 57,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 57,001 | 58,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 58,001 | 59,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 59,001 | 60,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 60,001 | 61,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 61,001 | 62,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 62,001 | 63,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 63,001 | 64,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 64,001 | 65,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 65,001 | 66,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 66,001 | 67,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 67,001 | 68,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 68,001 | 69,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 69,001 | 70,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 70,001 | 71,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 71,001 | 72,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 72,001 | 73,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 73,001 | 74,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 74,001 | 75,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 75,001 | 76,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 76,001 | 77,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 77,001 | 78,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 78,001 | 79,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 79,001 | 80,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 80,001 | 81,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 81,001 | 82,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 82,001 | 83,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 83,001 | 84,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 84,001 | 85,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 85,001 | 86,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 86,001 | 87,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 87,001 | 88,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 88,001 | 89,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 89,001 | 90,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 90,001 | 91,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 91,001 | 92,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 92,001 | 93,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 93,001 | 94,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 94,001 | 95,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 95,001 | 96,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 96,001 | 97,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 97,001 | 98,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| 98,001 | 99,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009

Exhibit
Schedule H-5
Page 2
Witness: Bourassa

Meter Size: 3/4 Inch

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumul-ative Billing | Cumul-ative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 99,001 | 100,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 72 | 1,123,036 |
| | - | | | | | | | | | | | | | - | 72 | 1,123,036 |
| | - | | | | | | | | | | | | | - | 72 | 1,123,036 |
| | Totals | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 72 | | |

| | |
|---|---|
| Average Usage | 15,598 |
| Median Usage | 14,500 |
| Average # Customers | 6 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Meter Size: 1 Inch

Exhibit
Schedule H-5
Page 3
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumul-ative Billing | Cumul-ative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| - | - | - | - | 1 | 1 | 1 | 2 | 1 | 2 | 1 | 2 | 3 | 2 | 16 | 16 | - |
| 1 | 1,000 | 1 | 2 | 2 | 3 | 2 | 1 | 2 | 2 | 2 | 3 | 1 | 1 | 22 | 38 | 11,011 |
| 1,001 | 2,000 | - | - | 1 | - | 1 | 2 | 2 | 2 | 3 | - | 2 | 1 | 14 | 52 | 32,018 |
| 2,001 | 3,000 | - | 1 | 1 | 1 | - | - | 1 | - | 1 | 1 | 1 | 1 | 8 | 60 | 52,022 |
| 3,001 | 4,000 | 1 | - | - | - | 1 | 1 | - | 1 | - | 1 | - | - | 5 | 65 | 69,525 |
| 4,001 | 5,000 | - | 1 | - | - | - | 1 | 1 | 4 | 1 | - | - | - | 8 | 73 | 105,529 |
| 5,001 | 6,000 | 1 | 2 | - | 1 | 1 | 1 | 4 | - | 1 | - | 1 | - | 12 | 85 | 171,535 |
| 6,001 | 7,000 | - | - | 2 | - | 2 | - | - | 1 | 1 | 3 | - | 2 | 11 | 96 | 243,040 |
| 7,001 | 8,000 | 1 | 2 | 2 | 2 | - | 2 | 6 | 1 | 1 | 2 | 1 | - | 20 | 116 | 393,050 |
| 8,001 | 9,000 | - | 2 | 1 | 1 | 1 | - | 1 | 2 | 1 | - | - | - | 9 | 125 | 469,555 |
| 9,001 | 10,000 | 3 | - | 1 | 4 | 1 | 1 | 1 | - | 1 | 1 | 3 | 2 | 18 | 143 | 640,564 |
| 10,001 | 11,000 | 1 | - | - | 1 | - | 1 | 1 | - | 2 | 3 | 2 | - | 11 | 154 | 756,069 |
| 11,001 | 12,000 | - | 1 | - | - | - | 3 | - | 2 | 1 | 1 | - | - | 8 | 162 | 848,073 |
| 12,001 | 13,000 | 2 | - | 1 | - | 1 | - | - | - | 1 | - | 1 | 2 | 8 | 170 | 948,077 |
| 13,001 | 14,000 | - | - | - | - | - | 1 | 1 | 1 | 2 | 1 | 3 | 3 | 12 | 182 | 1,110,083 |
| 14,001 | 15,000 | 1 | - | 1 | - | - | 1 | - | 4 | - | 2 | - | - | 9 | 191 | 1,240,588 |
| 15,001 | 16,000 | - | 2 | - | 1 | - | 2 | 3 | 1 | 1 | 1 | 1 | - | 12 | 203 | 1,426,594 |
| 16,001 | 17,000 | - | 1 | 2 | 1 | 1 | 1 | - | - | 2 | - | 1 | - | 9 | 212 | 1,575,098 |
| 17,001 | 18,000 | - | 1 | 1 | 2 | - | 1 | - | - | 1 | - | 1 | - | 7 | 219 | 1,697,602 |
| 18,001 | 19,000 | - | - | - | 1 | 2 | - | - | - | 1 | - | - | - | 4 | 223 | 1,771,604 |
| 19,001 | 20,000 | 1 | 1 | 2 | - | 1 | - | - | 1 | - | 1 | - | 1 | 8 | 231 | 1,927,608 |
| 20,001 | 21,000 | 2 | 1 | 2 | - | 1 | - | - | 1 | - | - | - | 1 | 8 | 239 | 2,091,612 |
| 21,001 | 22,000 | 2 | 1 | - | 1 | 2 | 1 | - | - | - | - | - | - | 7 | 246 | 2,242,115 |
| 22,001 | 23,000 | - | - | 1 | - | 1 | - | - | 1 | - | 1 | - | - | 4 | 250 | 2,332,117 |
| 23,001 | 24,000 | - | - | - | - | 2 | - | - | - | 1 | 1 | - | - | 4 | 254 | 2,426,119 |
| 24,001 | 25,000 | - | - | - | - | - | - | 1 | - | - | - | - | 1 | 2 | 256 | 2,475,120 |
| 25,001 | 26,000 | 2 | 1 | - | 1 | 1 | 1 | 1 | 1 | - | - | - | 1 | 9 | 265 | 2,704,625 |
| 26,001 | 27,000 | - | - | 2 | - | - | 1 | - | - | - | 1 | - | - | 4 | 269 | 2,810,627 |
| 27,001 | 28,000 | 1 | - | - | - | - | 1 | 1 | - | 1 | - | - | 2 | 6 | 275 | 2,975,630 |
| 28,001 | 29,000 | - | - | - | 1 | - | - | 1 | - | - | - | 1 | - | 3 | 278 | 3,061,131 |
| 29,001 | 30,000 | - | - | - | - | - | - | - | 1 | - | - | - | - | 1 | 279 | 3,090,632 |
| 30,001 | 31,000 | - | - | - | - | 2 | 1 | - | - | - | - | - | 1 | 4 | 283 | 3,212,634 |
| 31,001 | 32,000 | - | 1 | - | 1 | - | - | - | - | 2 | - | 1 | - | 5 | 288 | 3,370,136 |
| 32,001 | 33,000 | - | - | 1 | - | 1 | - | - | - | - | - | - | - | 2 | 290 | 3,435,137 |
| 33,001 | 34,000 | - | - | 1 | 1 | - | - | - | - | - | 1 | 2 | - | 5 | 295 | 3,602,640 |
| 34,001 | 35,000 | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | 296 | 3,637,140 |
| 35,001 | 36,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 296 | 3,637,140 |
| 36,001 | 37,000 | - | 1 | - | - | - | - | - | - | - | - | - | 1 | 2 | 298 | 3,710,141 |
| 37,001 | 38,000 | - | 1 | - | - | - | - | - | - | - | - | - | - | 1 | 299 | 3,747,642 |
| 38,001 | 39,000 | - | - | - | 1 | - | 1 | - | - | - | - | - | - | 2 | 301 | 3,824,643 |
| 39,001 | 40,000 | - | - | - | - | - | - | - | - | - | 1 | - | - | 1 | 302 | 3,864,143 |
| 40,001 | 41,000 | - | - | 1 | - | - | - | - | - | - | - | - | - | 1 | 303 | 3,904,644 |
| 41,001 | 42,000 | - | - | - | - | 1 | - | - | - | - | 1 | - | - | 2 | 305 | 3,987,645 |
| 42,001 | 43,000 | - | - | - | - | 1 | - | - | - | - | - | - | - | 1 | 306 | 4,030,145 |
| 43,001 | 44,000 | - | - | 1 | 1 | - | - | - | - | 1 | - | - | 1 | 4 | 310 | 4,204,147 |
| 44,001 | 45,000 | 1 | - | - | - | - | - | - | - | - | 1 | 1 | - | 3 | 313 | 4,337,649 |
| 45,001 | 46,000 | 2 | 1 | - | 1 | - | - | - | - | - | - | - | - | 4 | 317 | 4,519,651 |
| 46,001 | 47,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 317 | 4,519,651 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009

Meter Size: 1 Inch

Exhibit
Schedule H-5
Page 3
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumul-ative Billing | Cumul-ative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 47,001 | 48,000 | 1 | - | - | 1 | - | - | - | - | - | - | - | 1 | 3 | 320 | 4,662,152 |
| 48,001 | 49,000 | - | 1 | 1 | - | - | - | - | - | - | - | 1 | - | 3 | 323 | 4,807,654 |
| 49,001 | 50,000 | - | 1 | - | - | - | - | - | - | - | - | - | - | 1 | 324 | 4,857,154 |
| 50,001 | 51,000 | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | 325 | 4,907,655 |
| 51,001 | 52,000 | - | - | - | - | 1 | - | - | - | - | - | - | 1 | 2 | 327 | 5,010,656 |
| 52,001 | 53,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 327 | 5,010,656 |
| 53,001 | 54,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 327 | 5,010,656 |
| 54,001 | 55,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 327 | 5,010,656 |
| 55,001 | 56,000 | 1 | - | - | - | - | - | - | - | - | - | 1 | 1 | 3 | 330 | 5,177,157 |
| 56,001 | 57,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 330 | 5,177,157 |
| 57,001 | 58,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 330 | 5,177,157 |
| 58,001 | 59,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 330 | 5,177,157 |
| 59,001 | 60,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 330 | 5,177,157 |
| 60,001 | 61,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 330 | 5,177,157 |
| 61,001 | 62,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 330 | 5,177,157 |
| 62,001 | 63,000 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 331 | 5,239,658 |
| 63,001 | 64,000 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 332 | 5,303,158 |
| 64,001 | 65,000 | - | - | - | - | - | - | - | - | - | - | 1 | - | 1 | 333 | 5,367,659 |
| 65,001 | 66,000 | - | 1 | - | - | - | - | - | - | - | - | - | - | 1 | 334 | 5,433,159 |
| 66,001 | 67,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 334 | 5,433,159 |
| 67,001 | 68,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 334 | 5,433,159 |
| 68,001 | 69,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 334 | 5,433,159 |
| 69,001 | 70,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 334 | 5,433,159 |
| 70,001 | 71,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 334 | 5,433,159 |
| 71,001 | 72,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 334 | 5,433,159 |
| 72,001 | 73,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 334 | 5,433,159 |
| 73,001 | 74,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 334 | 5,433,159 |
| 74,001 | 75,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 334 | 5,433,159 |
| 75,001 | 76,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 334 | 5,433,159 |
| 76,001 | 77,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 334 | 5,433,159 |
| 77,001 | 78,000 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 335 | 5,510,660 |
| 78,001 | 79,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 335 | 5,510,660 |
| 79,001 | 80,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 335 | 5,510,660 |
| 80,001 | 81,000 | - | 1 | - | - | - | - | - | - | - | - | - | - | 1 | 336 | 5,591,160 |
| 81,001 | 82,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 336 | 5,591,160 |
| 82,001 | 83,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 336 | 5,591,160 |
| 83,001 | 84,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 336 | 5,591,160 |
| 84,001 | 85,000 | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | 337 | 5,675,661 |
| 85,001 | 86,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 337 | 5,675,661 |
| 86,001 | 87,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 337 | 5,675,661 |
| 87,001 | 88,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 337 | 5,675,661 |
| 88,001 | 89,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 337 | 5,675,661 |
| 89,001 | 90,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 337 | 5,675,661 |
| 90,001 | 91,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 337 | 5,675,661 |
| 91,001 | 92,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 337 | 5,675,661 |
| 92,001 | 93,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 337 | 5,675,661 |
| 93,001 | 94,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 337 | 5,675,661 |
| 94,001 | 95,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 337 | 5,675,661 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Meter Size: 1 Inch

Exhibit
Schedule H-5
Page 3
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumul-ative Billing | Cumul-ative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 95,001 | 96,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 337 | 5,675,661 |
| 96,001 | 97,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 337 | 5,675,661 |
| 97,001 | 98,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 337 | 5,675,661 |
| 98,001 | 99,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 337 | 5,675,661 |
| 99,001 | 100,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 337 | 5,675,661 |
| | - | | | | | | | | | | | | | - | 337 | 5,675,661 |
| | - | | | | | | | | | | | | | - | 337 | 5,675,661 |
| | - | | | | | | | | | | | | | | | |
| Totals | | 27 | 27 | 28 | 28 | 28 | 27 | 28 | 28 | 29 | 29 | 29 | 29 | 337 | | |

| | |
|---|---|
| Average Usage | 16,842 |
| Median Usage | 12,500 |
| Average # Customers | 28 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Meter Size: 1.5 Inch

Exhibit
Schedule H-5
Page 4
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumul-ative Billing | Cumul-ative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| - | - | 1 | 1 | 2 | - | - | 1 | 1 | 1 | 1 | 1 | 1 | - | 10 | 10 | - |
| 1 | 1,000 | - | - | - | 1 | 1 | - | - | - | - | - | - | - | 2 | 12 | 1,001 |
| 1,001 | 2,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 12 | 1,001 |
| 2,001 | 3,000 | - | - | - | 1 | 1 | 1 | 1 | 1 | - | - | - | - | 5 | 17 | 13,504 |
| 3,001 | 4,000 | 1 | 1 | 1 | - | - | - | 1 | - | 1 | 1 | 1 | 1 | 8 | 25 | 41,508 |
| 4,001 | 5,000 | - | - | - | - | - | 1 | - | 1 | - | - | - | - | 2 | 27 | 50,509 |
| 5,001 | 6,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 27 | 50,509 |
| 6,001 | 7,000 | - | - | - | - | - | - | - | - | 1 | - | - | - | 1 | 28 | 57,009 |
| 7,001 | 8,000 | - | 1 | - | - | 1 | - | - | - | - | - | - | - | 2 | 30 | 72,010 |
| 8,001 | 9,000 | - | - | 1 | - | - | - | - | - | - | 2 | - | - | 3 | 33 | 97,512 |
| 9,001 | 10,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 33 | 97,512 |
| 10,001 | 11,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 33 | 97,512 |
| 11,001 | 12,000 | - | - | - | 1 | - | - | - | - | - | - | - | - | 1 | 34 | 109,012 |
| 12,001 | 13,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 34 | 109,012 |
| 13,001 | 14,000 | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | 35 | 122,513 |
| 14,001 | 15,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 35 | 122,513 |
| 15,001 | 16,000 | - | - | - | - | - | - | - | - | - | - | 1 | - | 1 | 36 | 138,013 |
| 16,001 | 17,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 36 | 138,013 |
| 17,001 | 18,000 | - | - | - | - | - | - | 1 | - | - | - | - | - | 1 | 37 | 155,514 |
| 18,001 | 19,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 37 | 155,514 |
| 19,001 | 20,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 37 | 155,514 |
| 20,001 | 21,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 37 | 155,514 |
| 21,001 | 22,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 37 | 155,514 |
| 22,001 | 23,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 37 | 155,514 |
| 23,001 | 24,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 37 | 155,514 |
| 24,001 | 25,000 | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 2 | 39 | 204,515 |
| 25,001 | 26,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 39 | 204,515 |
| 26,001 | 27,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 39 | 204,515 |
| 27,001 | 28,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 39 | 204,515 |
| 28,001 | 29,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 39 | 204,515 |
| 29,001 | 30,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 39 | 204,515 |
| 30,001 | 31,000 | - | - | - | - | - | 1 | - | - | - | - | - | 1 | 2 | 41 | 265,516 |
| 31,001 | 32,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 41 | 265,516 |
| 32,001 | 33,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 41 | 265,516 |
| 33,001 | 34,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 41 | 265,516 |
| 34,001 | 35,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 41 | 265,516 |
| 35,001 | 36,000 | - | - | - | - | - | - | - | - | 1 | - | - | - | 1 | 42 | 301,016 |
| 36,001 | 37,000 | - | - | - | - | - | - | 1 | - | - | - | - | - | 1 | 43 | 337,517 |
| 37,001 | 38,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 43 | 337,517 |
| 38,001 | 39,000 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 44 | 376,017 |
| 39,001 | 40,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 44 | 376,017 |
| 40,001 | 41,000 | - | - | - | - | - | - | - | 1 | - | - | - | - | 1 | 45 | 416,518 |
| 41,001 | 42,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 45 | 416,518 |
| 42,001 | 43,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 45 | 416,518 |
| 43,001 | 44,000 | - | - | - | - | - | - | - | 1 | - | - | - | - | 1 | 46 | 460,018 |
| 44,001 | 45,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 46 | 460,018 |
| 45,001 | 46,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 46 | 460,018 |
| 46,001 | 47,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 46 | 460,018 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009

Meter Size: 1.5 Inch

Exhibit
Schedule H-5
Page 4
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumul-ative Billing | Cumul-ative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 47,001 | 48,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 46 | 460,018 |
| 48,001 | 49,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 46 | 460,018 |
| 49,001 | 50,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 46 | 460,018 |
| 50,001 | 51,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 46 | 460,018 |
| 51,001 | 52,000 | - | - | - | - | - | - | - | - | 1 | - | - | - | 1 | 47 | 511,519 |
| 52,001 | 53,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 47 | 511,519 |
| 53,001 | 54,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 47 | 511,519 |
| 54,001 | 55,000 | - | - | - | - | - | - | - | - | - | 1 | - | - | 1 | 48 | 566,019 |
| 55,001 | 56,000 | - | - | - | - | - | - | - | - | 1 | - | - | - | 1 | 49 | 621,520 |
| 56,001 | 57,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 49 | 621,520 |
| 57,001 | 58,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 49 | 621,520 |
| 58,001 | 59,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 49 | 621,520 |
| 59,001 | 60,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 49 | 621,520 |
| 60,001 | 61,000 | - | - | - | - | - | 1 | - | - | - | - | - | - | 1 | 50 | 682,020 |
| 61,001 | 62,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 50 | 682,020 |
| 62,001 | 63,000 | - | - | - | - | - | - | - | - | - | - | 1 | - | 1 | 51 | 744,521 |
| 63,001 | 64,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 51 | 744,521 |
| 64,001 | 65,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 51 | 744,521 |
| 65,001 | 66,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 51 | 744,521 |
| 66,001 | 67,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 51 | 744,521 |
| 67,001 | 68,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 51 | 744,521 |
| 68,001 | 69,000 | - | - | - | - | - | - | - | - | 1 | - | - | - | 1 | 52 | 813,021 |
| 69,001 | 70,000 | - | - | - | 1 | - | - | - | - | - | - | - | - | 1 | 53 | 882,522 |
| 70,001 | 71,000 | - | - | - | - | - | - | - | 1 | - | - | - | - | 1 | 54 | 953,022 |
| 71,001 | 72,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 54 | 953,022 |
| 72,001 | 73,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 54 | 953,022 |
| 73,001 | 74,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 54 | 953,022 |
| 74,001 | 75,000 | - | 1 | - | - | - | - | - | - | - | - | - | - | 1 | 55 | 1,027,523 |
| 75,001 | 76,000 | - | - | 1 | - | - | - | - | - | - | - | - | - | 1 | 56 | 1,103,023 |
| 76,001 | 77,000 | - | - | - | - | - | - | 1 | - | - | 1 | - | - | 2 | 58 | 1,256,024 |
| 77,001 | 78,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 58 | 1,256,024 |
| 78,001 | 79,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 58 | 1,256,024 |
| 79,001 | 80,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 58 | 1,256,024 |
| 80,001 | 81,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 58 | 1,256,024 |
| 81,001 | 82,000 | - | - | - | - | 1 | - | - | - | - | - | - | - | 1 | 59 | 1,337,525 |
| 82,001 | 83,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 59 | 1,337,525 |
| 83,001 | 84,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 59 | 1,337,525 |
| 84,001 | 85,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 59 | 1,337,525 |
| 85,001 | 86,000 | - | - | - | 1 | - | - | - | - | - | - | - | - | 1 | 60 | 1,423,025 |
| 86,001 | 87,000 | - | - | - | - | 1 | - | - | - | - | - | - | - | 1 | 61 | 1,509,526 |
| 87,001 | 88,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 61 | 1,509,526 |
| 88,001 | 89,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 61 | 1,509,526 |
| 89,001 | 90,000 | 1 | - | - | - | - | 1 | - | - | - | - | - | - | 2 | 63 | 1,688,527 |
| 90,001 | 91,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 63 | 1,688,527 |
| 91,001 | 92,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 63 | 1,688,527 |
| 92,001 | 93,000 | - | 1 | 1 | - | - | - | - | - | - | - | - | - | 2 | 65 | 1,873,528 |
| 93,001 | 94,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 65 | 1,873,528 |
| 94,001 | 95,000 | - | - | - | - | - | - | - | 1 | - | - | - | - | 1 | 66 | 1,968,028 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Meter Size: 1.5 Inch

Exhibit
Schedule H-5
Page 4
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumul-ative Billing | Cumul-ative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 95,001 | 96,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 66 | 1,968,028 |
| 96,001 | 97,000 | - | - | - | - | - | - | - | - | - | - | 1 | - | 1 | 67 | 2,064,529 |
| 97,001 | 98,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 67 | 2,064,529 |
| 98,001 | 99,000 | - | 1 | - | - | - | - | - | - | - | - | - | - | 1 | 68 | 2,163,029 |
| 99,001 | 100,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 68 | 2,163,029 |
| 105,700 | 105,700 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 69 | 2,268,729 |
| 111,700 | 111,700 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 70 | 2,380,429 |
| 112,600 | 112,600 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 71 | 2,493,029 |
| 114,000 | 114,000 | - | - | - | 1 | - | - | - | - | - | - | - | - | 1 | 72 | 2,607,029 |
| 116,000 | 116,000 | - | - | 1 | - | - | - | - | - | - | - | - | - | 1 | 73 | 2,723,029 |
| 118,500 | 118,500 | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | 74 | 2,841,529 |
| 121,000 | 121,000 | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | 75 | 2,962,529 |
| 135,000 | 135,000 | - | 1 | - | - | - | - | - | - | - | - | - | - | 1 | 76 | 3,097,529 |
| 137,900 | 137,900 | - | - | - | - | 1 | - | - | - | - | - | - | - | 1 | 77 | 3,235,429 |
| 141,200 | 141,200 | - | - | - | - | - | - | - | - | - | 1 | - | - | 1 | 78 | 3,376,629 |
| 142,700 | 142,700 | - | - | 1 | - | - | - | - | - | - | - | - | - | 1 | 79 | 3,519,329 |
| 148,200 | 148,200 | - | - | - | - | - | 1 | - | - | - | - | - | - | 1 | 80 | 3,667,529 |
| 149,300 | 149,300 | - | - | - | - | 1 | - | - | - | - | - | - | - | 1 | 81 | 3,816,829 |
| 151,300 | 151,300 | - | - | - | - | - | - | - | - | - | - | 1 | - | 1 | 82 | 3,968,129 |
| 152,300 | 152,300 | - | - | - | 1 | - | - | - | - | - | - | - | - | 1 | 83 | 4,120,429 |
| 167,100 | 167,100 | - | - | - | - | - | - | 1 | - | - | - | - | - | 1 | 84 | 4,287,529 |
| 173,000 | 173,000 | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | 85 | 4,460,529 |
| | - | | | | | | | | | | | | | - | 85 | 4,460,529 |
| | - | | | | | | | | | | | | | - | 85 | 4,460,529 |
| Totals | | 7 | 7 | 8 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 85 | | |

| | |
|---|---|
| Average Usage | 52,477 |
| Median Usage | 36,500 |
| *Average # Customers* | 7 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Meter Size: 2 Inch

Exhibit
Schedule H-5
Page 5
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumul-ative Billing | Cumul-ative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1 | 1,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1,001 | 2,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2,001 | 3,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3,001 | 4,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4,001 | 5,000 | - | - | - | - | - | 1 | 1 | - | - | - | - | - | 2 | 2 | 9,001 |
| 5,001 | 6,000 | - | - | - | - | - | 1 | - | - | - | - | - | - | 1 | 3 | 14,502 |
| 6,001 | 7,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 3 | 14,502 |
| 7,001 | 8,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 3 | 14,502 |
| 8,001 | 9,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 3 | 14,502 |
| 9,001 | 10,000 | - | - | - | 1 | - | - | - | - | - | - | - | - | 1 | 4 | 24,002 |
| 10,001 | 11,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 4 | 24,002 |
| 11,001 | 12,000 | - | - | - | - | - | - | - | 1 | - | - | - | - | 1 | 5 | 35,503 |
| 12,001 | 13,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 5 | 35,503 |
| 13,001 | 14,000 | - | - | - | - | - | - | 1 | - | - | - | - | - | 1 | 6 | 49,003 |
| 14,001 | 15,000 | - | 1 | - | - | - | - | - | - | - | - | - | - | 1 | 7 | 63,504 |
| 15,001 | 16,000 | - | - | - | - | - | - | - | - | 1 | - | - | - | 1 | 8 | 79,004 |
| 16,001 | 17,000 | - | - | - | - | - | - | - | - | - | 1 | - | - | 1 | 9 | 95,505 |
| 17,001 | 18,000 | - | - | - | - | - | - | - | - | - | - | 1 | - | 1 | 10 | 113,005 |
| 18,001 | 19,000 | - | - | - | - | - | - | - | 1 | - | - | - | - | 1 | 11 | 131,506 |
| 19,001 | 20,000 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 12 | 151,006 |
| 20,001 | 21,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 12 | 151,006 |
| 21,001 | 22,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 12 | 151,006 |
| 22,001 | 23,000 | - | - | - | - | 1 | - | - | 1 | - | - | - | - | 2 | 14 | 196,007 |
| 23,001 | 24,000 | - | - | 1 | - | - | - | - | - | - | - | - | - | 1 | 15 | 219,508 |
| 24,001 | 25,000 | - | - | - | - | - | 1 | - | - | - | - | - | - | 1 | 16 | 244,008 |
| 25,001 | 26,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 16 | 244,008 |
| 26,001 | 27,000 | - | - | - | - | - | - | 1 | - | - | - | - | - | 1 | 17 | 270,509 |
| 27,001 | 28,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 17 | 270,509 |
| 28,001 | 29,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 17 | 270,509 |
| 29,001 | 30,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 17 | 270,509 |
| 30,001 | 31,000 | 1 | - | 1 | - | 1 | - | - | - | - | - | - | - | 3 | 20 | 362,010 |
| 31,001 | 32,000 | - | - | - | - | - | - | - | - | - | 1 | - | - | 1 | 21 | 393,511 |
| 32,001 | 33,000 | - | - | - | - | - | - | - | - | - | - | 1 | - | 1 | 22 | 426,011 |
| 33,001 | 34,000 | - | - | - | - | - | - | - | - | 1 | - | - | - | 1 | 23 | 459,512 |
| 34,001 | 35,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 23 | 459,512 |
| 35,001 | 36,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 23 | 459,512 |
| 36,001 | 37,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 23 | 459,512 |
| 37,001 | 38,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 23 | 459,512 |
| 38,001 | 39,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 23 | 459,512 |
| 39,001 | 40,000 | - | - | - | - | 1 | - | - | - | 1 | - | - | - | 2 | 25 | 538,513 |
| 40,001 | 41,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 25 | 538,513 |
| 41,001 | 42,000 | - | - | 1 | - | - | - | - | - | - | - | - | 1 | 2 | 27 | 621,514 |
| 42,001 | 43,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 27 | 621,514 |
| 43,001 | 44,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 27 | 621,514 |
| 44,001 | 45,000 | 1 | 1 | - | - | - | - | - | - | - | - | - | - | 2 | 29 | 710,515 |
| 45,001 | 46,000 | - | - | - | 2 | - | - | - | - | - | - | - | - | 2 | 31 | 801,516 |
| 46,001 | 47,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 31 | 801,516 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Meter Size: 2 Inch

Exhibit
Schedule H-5
Page 5
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumul-ative Billing | Cumul-ative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 47,001 | 48,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 31 | 801,516 |
| 48,001 | 49,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 31 | 801,516 |
| 49,001 | 50,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 31 | 801,516 |
| 50,001 | 51,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 31 | 801,516 |
| 51,001 | 52,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 31 | 801,516 |
| 52,001 | 53,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 31 | 801,516 |
| 53,001 | 54,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 31 | 801,516 |
| 54,001 | 55,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 31 | 801,516 |
| 55,001 | 56,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 31 | 801,516 |
| 56,001 | 57,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 31 | 801,516 |
| 57,001 | 58,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 31 | 801,516 |
| 58,001 | 59,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 31 | 801,516 |
| 59,001 | 60,000 | - | - | - | - | - | - | 1 | - | - | - | - | - | 1 | 32 | 861,016 |
| 60,001 | 61,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 32 | 861,016 |
| 61,001 | 62,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 32 | 861,016 |
| 62,001 | 63,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 32 | 861,016 |
| 63,001 | 64,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 32 | 861,016 |
| 64,001 | 65,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 32 | 861,016 |
| 65,001 | 66,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 32 | 861,016 |
| 66,001 | 67,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 32 | 861,016 |
| 67,001 | 68,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 32 | 861,016 |
| 68,001 | 69,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 32 | 861,016 |
| 69,001 | 70,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 32 | 861,016 |
| 70,001 | 71,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 32 | 861,016 |
| 71,001 | 72,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 32 | 861,016 |
| 72,001 | 73,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 32 | 861,016 |
| 73,001 | 74,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 32 | 861,016 |
| 74,001 | 75,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 32 | 861,016 |
| 75,001 | 76,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 32 | 861,016 |
| 76,001 | 77,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 32 | 861,016 |
| 77,001 | 78,000 | - | - | - | - | - | 1 | - | - | - | - | - | - | 1 | 33 | 938,517 |
| 78,001 | 79,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 33 | 938,517 |
| 79,001 | 80,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 33 | 938,517 |
| 80,001 | 81,000 | - | - | - | - | - | - | - | - | 1 | - | - | - | 1 | 34 | 1,019,017 |
| 81,001 | 82,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 34 | 1,019,017 |
| 82,001 | 83,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 34 | 1,019,017 |
| 83,001 | 84,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 34 | 1,019,017 |
| 84,001 | 85,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 34 | 1,019,017 |
| 85,001 | 86,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 34 | 1,019,017 |
| 86,001 | 87,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 34 | 1,019,017 |
| 87,001 | 88,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 34 | 1,019,017 |
| 88,001 | 89,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 34 | 1,019,017 |
| 89,001 | 90,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 34 | 1,019,017 |
| 90,001 | 91,000 | - | - | - | - | - | - | - | 1 | - | - | - | - | 1 | 35 | 1,109,518 |
| 91,001 | 92,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 35 | 1,109,518 |
| 92,001 | 93,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 35 | 1,109,518 |
| 93,001 | 94,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 35 | 1,109,518 |
| 94,001 | 95,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 35 | 1,109,518 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Meter Size: 2 Inch

Exhibit
Schedule H-5
Page 5
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumulative Billing | Cumulative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 95,001 | 96,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 35 | 1,109,518 |
| 96,001 | 97,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 35 | 1,109,518 |
| 97,001 | 98,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 35 | 1,109,518 |
| 98,001 | 99,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 35 | 1,109,518 |
| 99,001 | 100,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 35 | 1,109,518 |
| 109,000 | 109,000 | - | - | - | - | - | - | - | - | - | - | 1 | - | 1 | 36 | 1,218,518 |
| 130,600 | 130,600 | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | 37 | 1,349,118 |
| 145,000 | 145,000 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 38 | 1,494,118 |
| 163,000 | 163,000 | - | - | - | - | - | - | - | - | - | 1 | - | - | 1 | 39 | 1,657,118 |
| 163,500 | 163,500 | - | - | - | - | - | - | - | - | - | 1 | - | - | 1 | 40 | 1,820,618 |
| 242,100 | 242,100 | - | 1 | - | - | - | - | - | - | - | - | - | - | 1 | 41 | 2,062,718 |
| 389,000 | 389,000 | - | - | - | - | - | - | - | - | - | - | 1 | - | 1 | 42 | 2,451,718 |
| 447,000 | 447,000 | - | - | - | - | 1 | - | - | - | - | - | - | - | 1 | 43 | 2,898,718 |
| 595,000 | 595,000 | - | 1 | - | - | - | - | - | - | - | - | - | - | 1 | 44 | 3,493,718 |
| 684,000 | 684,000 | - | - | - | 1 | - | - | - | - | - | - | - | - | 1 | 45 | 4,177,718 |
| 693,000 | 693,000 | - | - | 1 | - | - | - | - | - | - | - | - | - | 1 | 46 | 4,870,718 |
| 775,000 | 775,000 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 47 | 5,645,718 |
| 1,701,000 | 1,701,000 | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | 48 | 7,346,718 |
| | - | | | | | | | | | | | | | - | 48 | 7,346,718 |
| | - | | | | | | | | | | | | | - | 48 | 7,346,718 |
| | - | | | | | | | | | | | | | - | 48 | 7,346,718 |
| Totals | | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 48 | | |

| | |
|---|---|
| Average Usage | 153,057 |
| Median Usage | 39,500 |
| Average # Customers | 4 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Meter Size: 4 Inch

Exhibit
Schedule H-5
Page 6
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumul-ative Billing | Cumul-ative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| - | - | - | - | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 7 | 7 | - |
| 1 | 1,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 1,001 | 2,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 2,001 | 3,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 3,001 | 4,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 4,001 | 5,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 5,001 | 6,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 6,001 | 7,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 7,001 | 8,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 8,001 | 9,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 9,001 | 10,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 10,001 | 11,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 11,001 | 12,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 12,001 | 13,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 13,001 | 14,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 14,001 | 15,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 15,001 | 16,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 16,001 | 17,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 17,001 | 18,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 18,001 | 19,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 19,001 | 20,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 20,001 | 21,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 21,001 | 22,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 22,001 | 23,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 23,001 | 24,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 24,001 | 25,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 25,001 | 26,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 26,001 | 27,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 27,001 | 28,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 28,001 | 29,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 29,001 | 30,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 30,001 | 31,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 31,001 | 32,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 32,001 | 33,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 33,001 | 34,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 34,001 | 35,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 35,001 | 36,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 36,001 | 37,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 37,001 | 38,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 38,001 | 39,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 39,001 | 40,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 40,001 | 41,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 41,001 | 42,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 42,001 | 43,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 43,001 | 44,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 44,001 | 45,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 45,001 | 46,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 46,001 | 47,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 47,001 | 48,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 48,001 | 49,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Meter Size: 4 Inch

Exhibit
Schedule H-5
Page 6
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumul-ative Billing | Cumul-ative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 49,001 | 50,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 50,001 | 51,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 51,001 | 52,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 52,001 | 53,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 53,001 | 54,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 54,001 | 55,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 55,001 | 56,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 56,001 | 57,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 57,001 | 58,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 58,001 | 59,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 59,001 | 60,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 60,001 | 61,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 61,001 | 62,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 62,001 | 63,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 63,001 | 64,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 64,001 | 65,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 65,001 | 66,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 66,001 | 67,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 67,001 | 68,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 68,001 | 69,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 69,001 | 70,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 70,001 | 71,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 71,001 | 72,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 72,001 | 73,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 73,001 | 74,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 74,001 | 75,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 75,001 | 76,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 76,001 | 77,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 77,001 | 78,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 78,001 | 79,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 79,001 | 80,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 80,001 | 81,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 81,001 | 82,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 82,001 | 83,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 83,001 | 84,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 84,001 | 85,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 85,001 | 86,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 86,001 | 87,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 87,001 | 88,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 88,001 | 89,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 7 | - |
| 89,001 | 90,000 | - | - | - | - | - | - | - | - | 1 | - | - | - | 1 | 8 | 89,501 |
| 90,001 | 91,000 | - | - | - | - | - | - | 1 | - | - | - | - | - | 1 | 9 | 180,001 |
| 91,001 | 92,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9 | 180,001 |
| 92,001 | 93,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9 | 180,001 |
| 93,001 | 94,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9 | 180,001 |
| 94,001 | 95,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9 | 180,001 |
| 95,001 | 96,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9 | 180,001 |
| 96,001 | 97,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9 | 180,001 |
| 97,001 | 98,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9 | 180,001 |
| 98,001 | 99,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9 | 180,001 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Meter Size: 4 Inch

Exhibit
Schedule H-5
Page 6
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumul-ative Billing | Cumul-ative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 99,001 | 100,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9 | 180,001 |
| 153,800 | 153,800 | - | - | - | - | - | 1 | - | - | - | - | - | - | 1 | 10 | 333,801 |
| 172,000 | 172,000 | - | - | - | - | - | - | - | 1 | - | - | - | - | 1 | 11 | 505,801 |
| 388,000 | 388,000 | - | - | - | - | - | - | - | - | - | 1 | - | - | 1 | 12 | 893,801 |
| 567,900 | 567,900 | - | - | - | - | - | - | - | - | - | - | 1 | - | 1 | 13 | 1,461,701 |
| 648,500 | 648,500 | - | 1 | - | - | - | - | - | - | - | - | - | - | 1 | 14 | 2,110,201 |
| 774,200 | 774,200 | - | - | - | - | 1 | - | - | - | - | - | - | - | 1 | 15 | 2,884,401 |
| 997,300 | 997,300 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 16 | 3,881,701 |
| 1,082,300 | 1,082,300 | - | - | 1 | - | - | - | - | - | - | - | - | - | 1 | 17 | 4,964,001 |
| 1,251,500 | 1,251,500 | - | - | - | 1 | - | - | - | - | - | - | - | - | 1 | 18 | 6,215,501 |
| 1,415,100 | 1,415,100 | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | 19 | 7,630,601 |
| | - | | | | | | | | | | | | | - | 19 | 7,630,601 |
| | - | | | | | | | | | | | | | - | 19 | 7,630,601 |
| | - | | | | | | | | | | | | | - | 19 | 7,630,601 |
| | - | | | | | | | | | | | | | - | 19 | 7,630,601 |
| | - | | | | | | | | | | | | | - | 19 | 7,630,601 |
| | - | | | | | | | | | | | | | - | 19 | 7,630,601 |
| | - | | | | | | | | | | | | | - | 19 | 7,630,601 |
| | - | | | | | | | | | | | | | - | 19 | 7,630,601 |
| | - | | | | | | | | | | | | | - | 19 | 7,630,601 |
| Totals | | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 19 | | |
| | | | | | | | | | | | | | Average Usage | 401,611 | | |
| | | | | | | | | | | | | | Median Usage | 153,800 | | |
| | | | | | | | | | | | | | Average # Customers | 2 | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Meter Size: Standpipe

Exhibit
Schedule H-5
Page 7
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumul-ative Billing | Cumul-ative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| - | - | 26 | 40 | 37 | 28 | 30 | 29 | 27 | 29 | 27 | 27 | 29 | 27 | 356 | 356 | - |
| 1 | 1,000 | 10 | 9 | 11 | 13 | 11 | 18 | 17 | 14 | 10 | 13 | 10 | 9 | 145 | 501 | 72,573 |
| 1,001 | 2,000 | 10 | 15 | 9 | 15 | 9 | 18 | 19 | 16 | 11 | 14 | 7 | 9 | 152 | 653 | 300,649 |
| 2,001 | 3,000 | 13 | 20 | 25 | 17 | 23 | 24 | 26 | 30 | 21 | 20 | 22 | 9 | 250 | 903 | 925,774 |
| 3,001 | 4,000 | 16 | 22 | 15 | 24 | 19 | 15 | 15 | 17 | 18 | 18 | 23 | 17 | 219 | 1,122 | 1,692,383 |
| 4,001 | 5,000 | 11 | 6 | 12 | 6 | 13 | 15 | 9 | 9 | 19 | 10 | 9 | 15 | 134 | 1,256 | 2,295,450 |
| 5,001 | 6,000 | 12 | 11 | 9 | 9 | 8 | 4 | 11 | 8 | 12 | 8 | 14 | 9 | 115 | 1,371 | 2,928,008 |
| 6,001 | 7,000 | 8 | 6 | 9 | 10 | 4 | 6 | 7 | 7 | 6 | 10 | 7 | 8 | 88 | 1,459 | 3,500,052 |
| 7,001 | 8,000 | 7 | 6 | 4 | 7 | 11 | 4 | 3 | 6 | 8 | 5 | 4 | 6 | 71 | 1,530 | 4,032,587 |
| 8,001 | 9,000 | 5 | 7 | 6 | 3 | 5 | 6 | 2 | 2 | 1 | 5 | 3 | 4 | 49 | 1,579 | 4,449,112 |
| 9,001 | 10,000 | 5 | 3 | 1 | 6 | 3 | 4 | 2 | 2 | 6 | 2 | 6 | 6 | 46 | 1,625 | 4,886,135 |
| 10,001 | 11,000 | 4 | 2 | 2 | 3 | 3 | 1 | - | 1 | 1 | 4 | 2 | 3 | 26 | 1,651 | 5,159,148 |
| 11,001 | 12,000 | 5 | 1 | 4 | 3 | 2 | 2 | 4 | 1 | 2 | 3 | 3 | 4 | 34 | 1,685 | 5,550,165 |
| 12,001 | 13,000 | 4 | 1 | 4 | 1 | - | 2 | 2 | 4 | 2 | - | 1 | 4 | 25 | 1,710 | 5,862,677 |
| 13,001 | 14,000 | 1 | - | 1 | - | 1 | 1 | - | - | 1 | 1 | - | 1 | 7 | 1,717 | 5,957,181 |
| 14,001 | 15,000 | 1 | - | 1 | 2 | 3 | - | - | - | 1 | - | 3 | 2 | 13 | 1,730 | 6,145,687 |
| 15,001 | 16,000 | - | - | - | - | 1 | - | - | 1 | - | 1 | - | 2 | 5 | 1,735 | 6,223,190 |
| 16,001 | 17,000 | 2 | 2 | - | - | 2 | 1 | - | - | 2 | - | - | - | 9 | 1,744 | 6,371,694 |
| 17,001 | 18,000 | 2 | 1 | 1 | - | - | - | 1 | - | - | - | 3 | 1 | 9 | 1,753 | 6,529,199 |
| 18,001 | 19,000 | 3 | - | - | 1 | 1 | - | 1 | - | - | 1 | 1 | 1 | 9 | 1,762 | 6,695,703 |
| 19,001 | 20,000 | - | - | - | - | - | - | 1 | - | - | 1 | - | - | 2 | 1,764 | 6,734,704 |
| 20,001 | 21,000 | 2 | - | - | - | - | - | - | - | - | - | 1 | 1 | 4 | 1,768 | 6,816,706 |
| 21,001 | 22,000 | - | 1 | 1 | - | - | - | - | - | 1 | 1 | - | - | 4 | 1,772 | 6,902,708 |
| 22,001 | 23,000 | 1 | - | - | - | - | - | - | - | 1 | 2 | - | 1 | 5 | 1,777 | 7,015,211 |
| 23,001 | 24,000 | - | - | - | - | - | - | - | - | - | - | - | 2 | 2 | 1,779 | 7,062,212 |
| 24,001 | 25,000 | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 2 | 1,781 | 7,111,213 |
| 25,001 | 26,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,781 | 7,111,213 |
| 26,001 | 27,000 | 1 | - | - | - | - | - | - | - | - | - | - | 1 | 2 | 1,783 | 7,164,214 |
| 27,001 | 28,000 | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 2 | 1,785 | 7,219,215 |
| 28,001 | 29,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,785 | 7,219,215 |
| 29,001 | 30,000 | 1 | - | - | - | 1 | - | - | - | 1 | 1 | - | 1 | 5 | 1,790 | 7,366,717 |
| 30,001 | 31,000 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 1,791 | 7,397,218 |
| 31,001 | 32,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,791 | 7,397,218 |
| 32,001 | 33,000 | - | - | - | 1 | - | - | - | - | - | - | - | 1 | 2 | 1,793 | 7,462,219 |
| 33,001 | 34,000 | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1,794 | 7,495,719 |
| 34,001 | 35,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,794 | 7,495,719 |
| 35,001 | 36,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,794 | 7,495,719 |
| 36,001 | 37,000 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 1,795 | 7,532,220 |
| 37,001 | 38,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,795 | 7,532,220 |
| 38,001 | 39,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,795 | 7,532,220 |
| 39,001 | 40,000 | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1,796 | 7,571,720 |
| 40,001 | 41,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,796 | 7,571,720 |
| 41,001 | 42,000 | - | - | - | - | - | - | - | 1 | - | - | - | - | 1 | 1,797 | 7,613,221 |
| 42,001 | 43,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,797 | 7,613,221 |
| 43,001 | 44,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,797 | 7,613,221 |
| 44,001 | 45,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,797 | 7,613,221 |
| 45,001 | 46,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,797 | 7,613,221 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Meter Size: Standpipe

Exhibit
Schedule H-5
Page 7
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumul-ative Billing | Cumul-ative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 46,001 | 47,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,797 | 7,613,221 |
| 47,001 | 48,000 | - | - | - | 1 | - | - | - | - | - | - | - | - | 1 | 1,798 | 7,660,721 |
| 48,001 | 49,000 | - | - | 1 | - | - | - | - | - | - | - | - | - | 1 | 1,799 | 7,709,222 |
| 49,001 | 50,000 | - | - | - | - | - | - | - | - | - | 1 | - | - | 1 | 1,800 | 7,758,722 |
| 50,001 | 51,000 | - | - | - | - | 1 | - | - | - | - | - | - | - | 1 | 1,801 | 7,809,223 |
| 51,001 | 52,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,801 | 7,809,223 |
| 52,001 | 53,000 | - | 1 | - | - | - | - | - | - | - | - | - | - | 1 | 1,802 | 7,861,723 |
| 53,001 | 54,000 | - | - | - | - | - | - | 1 | - | - | - | - | - | 1 | 1,803 | 7,915,224 |
| 54,001 | 55,000 | - | - | - | - | - | - | - | 1 | - | - | - | - | 1 | 1,804 | 7,969,724 |
| 55,001 | 56,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,804 | 7,969,724 |
| 56,001 | 57,000 | 1 | - | - | - | - | 1 | - | - | - | - | - | 1 | 3 | 1,807 | 8,139,226 |
| 57,001 | 58,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,807 | 8,139,226 |
| 58,001 | 59,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,807 | 8,139,226 |
| 59,001 | 60,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,807 | 8,139,226 |
| 60,001 | 61,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,807 | 8,139,226 |
| 61,001 | 62,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,807 | 8,139,226 |
| 62,001 | 63,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,807 | 8,139,226 |
| 63,001 | 64,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,807 | 8,139,226 |
| 64,001 | 65,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,807 | 8,139,226 |
| 65,001 | 66,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,807 | 8,139,226 |
| 66,001 | 67,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,807 | 8,139,226 |
| 67,001 | 68,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,807 | 8,139,226 |
| 68,001 | 69,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,807 | 8,139,226 |
| 69,001 | 70,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,807 | 8,139,226 |
| 70,001 | 71,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,807 | 8,139,226 |
| 71,001 | 72,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,807 | 8,139,226 |
| 72,001 | 73,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,807 | 8,139,226 |
| 73,001 | 74,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,807 | 8,139,226 |
| 74,001 | 75,000 | - | - | - | 1 | - | - | - | - | - | - | - | - | 1 | 1,808 | 8,213,726 |
| 75,001 | 76,000 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 1,809 | 8,289,227 |
| 76,001 | 77,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,809 | 8,289,227 |
| 77,001 | 78,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,809 | 8,289,227 |
| 78,001 | 79,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,809 | 8,289,227 |
| 79,001 | 80,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,809 | 8,289,227 |
| 80,001 | 81,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,809 | 8,289,227 |
| 81,001 | 82,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,809 | 8,289,227 |
| 82,001 | 83,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,809 | 8,289,227 |
| 83,001 | 84,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,809 | 8,289,227 |
| 84,001 | 85,000 | - | - | - | - | - | - | - | 1 | 1 | - | - | - | 2 | 1,811 | 8,458,228 |
| 85,001 | 86,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,811 | 8,458,228 |
| 86,001 | 87,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,811 | 8,458,228 |
| 87,001 | 88,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,811 | 8,458,228 |
| 88,001 | 89,000 | - | - | - | - | - | - | 1 | - | - | - | - | - | 1 | 1,812 | 8,546,728 |
| 89,001 | 90,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,812 | 8,546,728 |
| 90,001 | 91,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,812 | 8,546,728 |
| 91,001 | 92,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,812 | 8,546,728 |
| 92,001 | 93,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,812 | 8,546,728 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Meter Size: Standpipe

Exhibit
Schedule H-5
Page 7
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumul-ative Billing | Cumul-ative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 93,001 | 94,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,812 | 8,546,728 |
| 94,001 | 95,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,812 | 8,546,728 |
| 95,001 | 96,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,812 | 8,546,728 |
| 96,001 | 97,000 | - | - | - | - | - | 1 | - | - | - | - | - | - | 1 | 1,813 | 8,643,229 |
| 97,001 | 98,000 | - | - | - | - | - | - | 1 | - | - | - | - | 1 | 2 | 1,815 | 8,838,230 |
| 98,001 | 99,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,815 | 8,838,230 |
| 99,001 | 100,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,815 | 8,838,230 |
| 104,000 | 104,000 | - | 1 | - | - | - | - | - | - | - | - | - | - | 1 | 1,816 | 8,942,230 |
| 110,000 | 110,000 | - | - | - | - | 1 | - | - | - | - | - | - | - | 1 | 1,817 | 9,052,230 |
| 111,000 | 111,000 | - | - | - | 1 | - | - | - | - | - | - | - | - | 1 | 1,818 | 9,163,230 |
| 117,000 | 117,000 | - | - | - | - | - | - | - | - | 1 | - | - | - | 1 | 1,819 | 9,280,230 |
| 118,000 | 118,000 | - | - | 1 | - | - | - | - | - | - | - | - | - | 1 | 1,820 | 9,398,230 |
| 120,000 | 120,000 | - | - | - | - | - | - | - | - | - | 1 | - | - | 1 | 1,821 | 9,516,230 |
| 127,000 | 127,000 | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1,822 | 9,645,230 |
| 134,000 | 134,000 | - | - | - | - | - | - | - | - | - | - | 1 | - | 1 | 1,823 | 9,779,230 |
| 136,000 | 136,000 | - | - | 1 | - | - | - | - | - | - | - | - | - | 1 | 1,824 | 9,915,230 |
| 138,000 | 138,000 | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1,825 | 10,053,230 |
| 143,000 | 143,000 | - | - | - | - | - | - | - | 1 | - | - | - | - | 1 | 1,826 | 10,196,230 |
| 146,000 | 146,000 | - | - | - | - | - | 1 | - | - | - | - | - | - | 1 | 1,827 | 10,342,230 |
| 152,000 | 152,000 | - | - | - | - | 1 | - | - | - | - | - | - | - | 1 | 1,828 | 10,494,230 |
| 165,000 | 165,000 | - | 1 | - | 1 | - | - | - | - | - | - | - | - | 2 | 1,830 | 10,824,230 |
| 171,000 | 171,000 | - | - | 1 | - | - | - | 1 | - | 1 | - | - | - | 3 | 1,833 | 11,337,230 |
| 183,000 | 183,000 | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1,834 | 11,520,230 |
| 185,000 | 185,000 | - | - | - | - | - | - | - | - | - | 1 | - | - | 1 | 1,835 | 11,705,230 |
| 190,000 | 190,000 | - | - | - | - | - | - | - | 1 | - | 1 | - | - | 2 | 1,837 | 12,085,230 |
| 192,000 | 192,000 | - | - | - | - | - | - | - | - | - | - | 1 | - | 1 | 1,838 | 12,277,230 |
| 195,000 | 195,000 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 1,839 | 12,472,230 |
| 202,000 | 202,000 | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1,840 | 12,674,230 |
| 209,000 | 209,000 | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1,841 | 12,883,230 |
| 223,000 | 223,000 | - | - | - | - | - | - | - | - | 1 | - | - | - | 1 | 1,842 | 13,106,230 |
| 229,000 | 229,000 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 1,843 | 13,335,230 |
| 235,000 | 235,000 | - | - | - | - | - | - | - | - | - | - | 1 | - | 1 | 1,844 | 13,570,230 |
| 251,000 | 251,000 | - | - | - | - | 1 | - | - | - | - | - | - | - | 1 | 1,845 | 13,821,230 |
| 263,000 | 263,000 | - | - | - | - | - | 1 | - | - | - | - | - | - | 1 | 1,846 | 14,084,230 |
| 264,000 | 264,000 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 1,847 | 14,348,230 |
| 269,000 | 269,000 | - | - | - | 1 | - | - | - | - | - | - | - | - | 1 | 1,848 | 14,617,230 |
| 299,000 | 299,000 | - | - | - | - | - | - | - | 1 | - | - | - | - | 1 | 1,849 | 14,916,230 |
| 306,000 | 306,000 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 1,850 | 15,222,230 |
| 309,000 | 309,000 | - | - | - | - | - | - | 1 | - | - | - | - | - | 1 | 1,851 | 15,531,230 |
| 310,000 | 310,000 | - | - | 1 | - | - | - | - | - | - | - | - | - | 1 | 1,852 | 15,841,230 |
| 323,000 | 323,000 | - | - | - | - | - | - | - | - | - | - | 1 | - | 1 | 1,853 | 16,164,230 |
| 326,000 | 326,000 | - | - | - | - | - | - | - | - | 1 | - | - | - | 1 | 1,854 | 16,490,230 |
| 367,000 | 367,000 | - | 1 | - | - | - | - | - | - | - | - | - | - | 1 | 1,855 | 16,857,230 |
| 369,000 | 369,000 | - | - | - | - | - | - | - | - | - | 1 | - | - | 1 | 1,856 | 17,226,230 |
| 376,000 | 376,000 | - | - | - | - | - | 1 | - | - | - | - | - | - | 1 | 1,857 | 17,602,230 |
| 387,000 | 387,000 | - | 1 | - | - | - | - | - | - | - | - | - | - | 1 | 1,858 | 17,989,230 |
| 396,000 | 396,000 | - | 1 | - | - | - | - | - | - | - | - | - | - | 1 | 1,859 | 18,385,230 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Meter Size: Standpipe

Exhibit
*Schedule H-5*
Page 7
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumul-ative Billing | Cumul-ative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 397,000 | 397,000 | - | - | 1 | - | - | - | - | - | - | - | - | - | 1 | 1,860 | 18,782,230 |
| 406,000 | 406,000 | - | - | - | 1 | - | - | - | - | - | - | - | - | 1 | 1,861 | 19,188,230 |
| 416,000 | 416,000 | - | - | - | - | 1 | - | - | - | - | - | - | - | 1 | 1,862 | 19,604,230 |
| 480,000 | 480,000 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 1,863 | 20,084,230 |
| 482,000 | 482,000 | - | - | - | - | - | - | - | - | - | - | 1 | - | 1 | 1,864 | 20,566,230 |
| 576,000 | 576,000 | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1,865 | 21,142,230 |
| 919,000 | 919,000 | - | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 1,866 | 22,061,230 |
| | - | | | | | | | | | | | | | - | 1,866 | 22,061,230 |
| | - | | | | | | | | | | | | | - | 1,866 | 22,061,230 |
| Totals | | 159 | 159 | 158 | 155 | 155 | 155 | 152 | 153 | 156 | 152 | 155 | 157 | 1,866 | | |

| | |
|---|---|
| Average Usage | 11,823 |
| Median Usage | 3,500 |
| Average # Customers | 156 |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009

Meter Size: Fire Sprinkler less than 6 Inch

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumul-ative Billing | Cumul-ative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| - | - | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 48 | 48 | - |
| 1 | 1,000 | | | | | | | | | | | | | - | 48 | - |
| 1,001 | 2,000 | | | | | | | | | | | | | - | 48 | - |
| 2,001 | 3,000 | | | | | | | | | | | | | - | 48 | - |
| 3,001 | 4,000 | | | | | | | | | | | | | - | 48 | - |
| 4,001 | 5,000 | | | | | | | | | | | | | - | 48 | - |
| 5,001 | 6,000 | | | | | | | | | | | | | - | 48 | - |
| 6,001 | 7,000 | | | | | | | | | | | | | - | 48 | - |
| 7,001 | 8,000 | | | | | | | | | | | | | - | 48 | - |
| 8,001 | 9,000 | | | | | | | | | | | | | - | 48 | - |
| 9,001 | 10,000 | | | | | | | | | | | | | - | 48 | - |
| 10,001 | 11,000 | | | | | | | | | | | | | - | 48 | - |
| 11,001 | 12,000 | | | | | | | | | | | | | - | 48 | - |
| 12,001 | 13,000 | | | | | | | | | | | | | - | 48 | - |
| 13,001 | 14,000 | | | | | | | | | | | | | - | 48 | - |
| 14,001 | 15,000 | | | | | | | | | | | | | - | 48 | - |
| 15,001 | 16,000 | | | | | | | | | | | | | - | 48 | - |
| 16,001 | 17,000 | | | | | | | | | | | | | - | 48 | - |
| 17,001 | 18,000 | | | | | | | | | | | | | - | 48 | - |
| 18,001 | 19,000 | | | | | | | | | | | | | - | 48 | - |
| 19,001 | 20,000 | | | | | | | | | | | | | - | 48 | - |
| 20,001 | 21,000 | | | | | | | | | | | | | - | 48 | - |
| 21,001 | 22,000 | | | | | | | | | | | | | - | 48 | - |
| 22,001 | 23,000 | | | | | | | | | | | | | - | 48 | - |
| 23,001 | 24,000 | | | | | | | | | | | | | - | 48 | - |
| 24,001 | 25,000 | | | | | | | | | | | | | - | 48 | - |
| 25,001 | 26,000 | | | | | | | | | | | | | - | 48 | - |
| 26,001 | 27,000 | | | | | | | | | | | | | - | 48 | - |
| 27,001 | 28,000 | | | | | | | | | | | | | - | 48 | - |
| 28,001 | 29,000 | | | | | | | | | | | | | - | 48 | - |
| 29,001 | 30,000 | | | | | | | | | | | | | - | 48 | - |
| 30,001 | 31,000 | | | | | | | | | | | | | - | 48 | - |
| 31,001 | 32,000 | | | | | | | | | | | | | - | 48 | - |
| 32,001 | 33,000 | | | | | | | | | | | | | - | 48 | - |
| 33,001 | 34,000 | | | | | | | | | | | | | - | 48 | - |
| 34,001 | 35,000 | | | | | | | | | | | | | - | 48 | - |
| 35,001 | 36,000 | | | | | | | | | | | | | - | 48 | - |
| 36,001 | 37,000 | | | | | | | | | | | | | - | 48 | - |
| 37,001 | 38,000 | | | | | | | | | | | | | - | 48 | - |
| 38,001 | 39,000 | | | | | | | | | | | | | - | 48 | - |
| 39,001 | 40,000 | | | | | | | | | | | | | - | 48 | - |
| 40,001 | 41,000 | | | | | | | | | | | | | - | 48 | - |
| 41,001 | 42,000 | | | | | | | | | | | | | - | 48 | - |
| 42,001 | 43,000 | | | | | | | | | | | | | - | 48 | - |
| 43,001 | 44,000 | | | | | | | | | | | | | - | 48 | - |
| 44,001 | 45,000 | | | | | | | | | | | | | - | 48 | - |
| 45,001 | 46,000 | | | | | | | | | | | | | - | 48 | - |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Meter Size: Fire Sprinkler less than 6 Inch

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumul-ative Billing | Cumul-ative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 46,001 | 47,000 | | | | | | | | | | | | | - | 48 | - |
| 47,001 | 48,000 | | | | | | | | | | | | | - | 48 | - |
| 48,001 | 49,000 | | | | | | | | | | | | | - | 48 | - |
| 49,001 | 50,000 | | | | | | | | | | | | | - | 48 | - |
| 50,001 | 51,000 | | | | | | | | | | | | | - | 48 | - |
| 51,001 | 52,000 | | | | | | | | | | | | | - | 48 | - |
| 52,001 | 53,000 | | | | | | | | | | | | | - | 48 | - |
| 53,001 | 54,000 | | | | | | | | | | | | | - | 48 | - |
| 54,001 | 55,000 | | | | | | | | | | | | | - | 48 | - |
| 55,001 | 56,000 | | | | | | | | | | | | | - | 48 | - |
| 56,001 | 57,000 | | | | | | | | | | | | | - | 48 | - |
| 57,001 | 58,000 | | | | | | | | | | | | | - | 48 | - |
| 58,001 | 59,000 | | | | | | | | | | | | | - | 48 | - |
| 59,001 | 60,000 | | | | | | | | | | | | | - | 48 | - |
| 60,001 | 61,000 | | | | | | | | | | | | | - | 48 | - |
| 61,001 | 62,000 | | | | | | | | | | | | | - | 48 | - |
| 62,001 | 63,000 | | | | | | | | | | | | | - | 48 | - |
| 63,001 | 64,000 | | | | | | | | | | | | | - | 48 | - |
| 64,001 | 65,000 | | | | | | | | | | | | | - | 48 | - |
| 65,001 | 66,000 | | | | | | | | | | | | | - | 48 | - |
| 66,001 | 67,000 | | | | | | | | | | | | | - | 48 | - |
| 67,001 | 68,000 | | | | | | | | | | | | | - | 48 | - |
| 68,001 | 69,000 | | | | | | | | | | | | | - | 48 | - |
| 69,001 | 70,000 | | | | | | | | | | | | | - | 48 | - |
| 70,001 | 71,000 | | | | | | | | | | | | | - | 48 | - |
| 71,001 | 72,000 | | | | | | | | | | | | | - | 48 | - |
| 72,001 | 73,000 | | | | | | | | | | | | | - | 48 | - |
| 73,001 | 74,000 | | | | | | | | | | | | | - | 48 | - |
| 74,001 | 75,000 | | | | | | | | | | | | | - | 48 | - |
| 75,001 | 76,000 | | | | | | | | | | | | | - | 48 | - |
| 76,001 | 77,000 | | | | | | | | | | | | | - | 48 | - |
| 77,001 | 78,000 | | | | | | | | | | | | | - | 48 | - |
| 78,001 | 79,000 | | | | | | | | | | | | | - | 48 | - |
| 79,001 | 80,000 | | | | | | | | | | | | | - | 48 | - |
| 80,001 | 81,000 | | | | | | | | | | | | | - | 48 | - |
| 81,001 | 82,000 | | | | | | | | | | | | | - | 48 | - |
| 82,001 | 83,000 | | | | | | | | | | | | | - | 48 | - |
| 83,001 | 84,000 | | | | | | | | | | | | | - | 48 | - |
| 84,001 | 85,000 | | | | | | | | | | | | | - | 48 | - |
| 85,001 | 86,000 | | | | | | | | | | | | | - | 48 | - |
| 86,001 | 87,000 | | | | | | | | | | | | | - | 48 | - |
| 87,001 | 88,000 | | | | | | | | | | | | | - | 48 | - |
| 88,001 | 89,000 | | | | | | | | | | | | | - | 48 | - |
| 89,001 | 90,000 | | | | | | | | | | | | | - | 48 | - |
| 90,001 | 91,000 | | | | | | | | | | | | | - | 48 | - |
| 91,001 | 92,000 | | | | | | | | | | | | | - | 48 | - |
| 92,001 | 93,000 | | | | | | | | | | | | | - | 48 | - |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Meter Size: Fire Sprinkler less than 6 Inch

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

| Usage From: | Usage To: | Month of Jul-08 | Month of Aug-08 | Month of Sep-08 | Month of Oct-08 | Month of Nov-08 | Month of Dec-08 | Month of Jan-09 | Month of Feb-09 | Month of Mar-09 | Month of Apr-09 | Month of May-09 | Month of Jun-09 | Total Year | Cumul-ative Billing | Cumul-ative Gallons |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 93,001 | 94,000 | | | | | | | | | | | | | - | 48 | - |
| 94,001 | 95,000 | | | | | | | | | | | | | - | 48 | - |
| 95,001 | 96,000 | | | | | | | | | | | | | - | 48 | - |
| 96,001 | 97,000 | | | | | | | | | | | | | - | 48 | - |
| 97,001 | 98,000 | | | | | | | | | | | | | - | 48 | - |
| 98,001 | 99,000 | | | | | | | | | | | | | - | 48 | - |
| 99,001 | 100,000 | | | | | | | | | | | | | - | 48 | - |
| | - | | | | | | | | | | | | | - | 48 | - |
| | Totals | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 48 | | |
| | | | | | | | | | | | Average Usage | | | - | | |
| | | | | | | | | | | | Median Usage | | | - | | |
| | | | | | | | | | | | Average # Customers | | | 4 | | |

# Las Quintas Serenas Water Company

**Application for a Determination of the Fair Value of Its Utility Plants and Property and for Increases in Its Water Rates and Charges**

**December 31, 2009**

# Application
# Volume II

**Cost of Capital**
**Testimony and Schedules**

**BEFORE THE ARIZONA CORPORATION COMMISSION**

| | |
|---|---|
| IN THE MATTER OF THE APPLICATION OF LAS QUINTAS SERENAS WATER CO., AN ARIZONA CORPORATION, FOR (i) A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND (ii) AN INCREASE IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON. | DOCKET NO: W-01583A-09-_____ |

# DIRECT TESTIMONY OF

# THOMAS J. BOURASSA

# (COST OF CAPITAL)

**December 31, 2009**

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## I. INTRODUCTION

**Q1. PLEASE STATE YOUR NAME AND ADDRESS.**

A1. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive, Phoenix, Arizona 85029.

**Q2. ARE YOU THE SAME THOMAS J. BOURASSA THAT FILED DIRECT TESTIMONY ON RATE BASE, INCOME STATEMENT, REVENUE REQUIREMENT AND RATE DESIGN IN THIS DOCKET ON BEHALF OF LAS QUINTAS SERENAS WATER CO. ("LQSWC")?**

A2. Yes, and all of my background information and testimony regarding my qualifications is contained in that portion of my direct testimony.

## II. SUMMARY OF TESTIMONY AND THE PROPOSED COST OF CAPITAL FOR LQSWC

**Q3. WHAT IS THE PURPOSE OF THIS PORTION OF YOUR DIRECT TESTIMONY?**

A3. This portion of my direct testimony will focus on cost of capital issues. I will testify in support of LQSWC's proposed rate of return on its fair value rate base. In that regard, I am sponsoring LQSWC's D Schedules, which are attached to this testimony. As noted above, I am also sponsoring direct testimony that addresses LQSWC's rate base, income statement (revenue and operating expenses), required increase in revenue, and its rate design and proposed rates and charges for service. For the convenience of the Commission and the parties, that testimony and my related schedules are being filed separately in this case.

**Q4. HAVE YOU PREPARED ANY SCHEDULES AND ATTACHMENTS TO ACCOMPANY YOUR TESTIMONY ON COST OF CAPITAL?**

A4. Yes. I have prepared 16 schedules that support my testimony and 1 attachment.

**Q5. PLEASE SUMMARIZE YOUR COST OF CAPITAL TESTIMONY.**

A5. I determine LQSWC's cost of equity falls in the range of 14.7 percent to 18.1 percent with the midpoint of the range of 16.4 percent. I am recommending a return on equity ("ROE") of 16.0 percent. My recommendation is based on (i) cost of equity estimates using constant growth and multi-stage growth discounted cash flow ("DCF") models and the capital asset pricing model ("CAPM") for the sample group of publicly traded utilities, (ii) my review of the economic conditions expected to prevail during the period in which new rates will be in effect, (iii) my judgments about the risks associated with small utilities like LQSWC not captured by the market data for publicly traded water utilities used in my study, (iv) the financial risk associated with the level of debt in LQSWC's capital structure, and (v) additional specific business and operational risks faced by LQSWC Company.

**Q6. PLEASE SUMMARIZE THE APPROACH YOU USED TO ESTIMATE THE COST OF EQUITY FOR LQSWC.**

A6. The cost of equity for LQSWC cannot be estimated directly because LQSWC's common stock is not publicly traded and there is no market data for LQSWC. Consequently, I applied the DCF and CAPM models using data from a sample of water utilities selected from the Value Line Investment Survey. There are six water utilities in my sample: American States Water, Aqua America, California Water, Connecticut Water, Middlesex Water, and SJW Corp. As explained later in my testimony, these companies aren't really comparable to LQSWC, but they are water utilities for which market data are available and because the Commission's Utilities Division Staff has relied on data for these water utilities in a number of recent water and sewer utility rate cases.

My DCF analyses indicate ROE's in the range of 11.1 percent to 12.6 percent with a midpoint of 11.9 percent. The CAPM analysis, again using the

same sample group, indicates ROE's in the range of 10.4 percent to 15.8 percent is appropriate with a midpoint of 13.1 percent. Both the DCF and CAPM ranges are before consideration of company-specific risks.

My ROE estimates after consideration of financial risk and small company risk is in the range of 14.7 percent to 18.1 percent with a midpoint of 16.4 percent. Given LQSWC's relatively small size compared to the large publicly traded utilities used in my sample, the regulatory methods and policies used in this jurisdiction, and other company-specific factors, it is my opinion that at the present time, a cost of equity of no less than 16.0 percent is warranted.

My recommendation of 16.0 percent balances my judgment about the degree of financial and business risk associated with an investment in LQSWC as well as consideration of the current economic environment and the uncertainty of the financial markets. A summary of my cost of equity analysis result is shown on Schedule D-4.1.

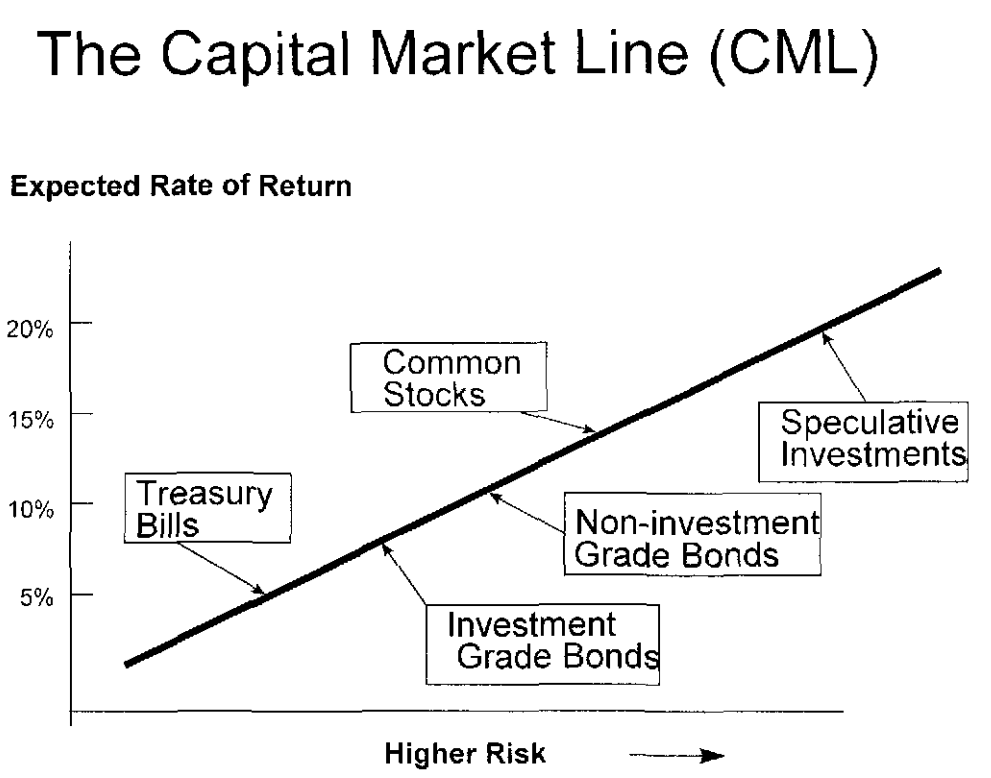
## III. OVERVIEW OF THE RELATIONSHIP BETWEEN RISK AND THE EXPECTED RETURN ON AN INVESTMENT

**Q7. HOW IS THE COST OF EQUITY TYPICALLY ANALYZED?**

A7. The cost of equity is the rate of return that equity investors expect to receive on their investment. Investors can choose to invest in many types of assets, not simply publicly traded stock. Each investment will have varying degrees of risk, ranging from relatively low risk assets such as Treasury securities to somewhat higher risk corporate bonds to even higher risk common stocks. As the level of risk increases, investors require higher returns on their investment. Finance models that are used to estimate the cost of equity often rely on this basic concept.

**Q8. CAN YOU ILLUSTRATE THE CAPITAL MARKET RISK-RETURN CONCEPT?**

A8. Yes. The following graph depicts the risk-return relationship that has become widely known as the Capital Market Line ("CML"). The CML illustrates in a general way the risk-return relationship.




The CML can be viewed as a continuum of the available investment opportunities for investors. Investment risk increases moving upward and to the right along the CML. Again, the expected return increases with the risk.

**Q9. HOW DOES THE RISK-RETURN TRADE-OFF CONCEPT WORK IN THE CAPITAL MARKET?**

A9. As already suggested by the CML, the allocation of capital in a free market economy is based upon the perceived relative risk of, and expected return from, an

investment. In general, investors rank investment opportunities in the order of their relative risks. Investment alternatives in which the expected return is commensurate with the perceived risk become viable investment options. If all other factors remain equal, the greater the risk, the higher the rate of return investors will require to compensate investors for the possibility of loss of either the principal amount invested or the expected annual income from such investment.

Short-term Treasury bills provide a high degree of certainty and in nominal terms (after considering inflation) are considered virtually risk free. Long-term bonds and preferred stocks, having priority claims to assets and fixed income payments, are relatively low risk, but are not risk free. The market values of long-term bonds often fluctuate when government policies or other factors cause interest rates to change. Common stocks are higher and to the right on the CML continuum because they are exposed to more risk. Common stock risk includes the nature of the underlying business and financial strength of the issuing corporation as well as market-wide factors, such as general changes in capital costs.

The capital markets reflect investor expectations and requirements each day through market prices. Prices for stocks and bonds change to reflect investor expectations and the relative attractiveness of one investment versus another. While the example provided above seems straightforward, returns on common stocks are not directly observable in advance, in contrast to debt or preferred stocks with fixed payment terms. This means that these returns must be estimated from market data. Estimating the cost of equity capital is a matter of informed judgment about the relative risk of the company in question and the expected rate of return characteristics of other alternative investments.

**Q10. HOW IS THE COST OF EQUITY FOR A PARTICULAR UTILITY DETERMINED?**

A10. The estimation of a utility's cost of equity is complex. It requires an analysis of the factors influencing the cost of various types of capital, such as interest on long-term debt, dividends on preferred stock, and earnings on common equity. The data for such an analysis comes from highly competitive capital markets, where the firm raises funds by issuing common stock, selling bonds, and by borrowing (both long- and short-term) from banks and other financial institutions. In the capital markets, the cost of capital, whether the capital is in the form of debt or equity, is determined by two important factors:

1) The pure or real rate of interest, often called the risk-free rate of interest; and,

2) The uncertainty or risk premium (the compensation the investor requires over and above the real or pure rate of interest for subjecting his capital to additional risk).

**Q11. PLEASE DISCUSS THESE FACTORS IN GREATER DETAIL.**

A11. The pure rate of interest essentially reflects both the time preference for and the productivity of capital. From the standpoint of the individual, it is the rate of interest required to induce the individual to forgo present consumption and offer the funds thus saved to others for a specified length of time. Moreover, the pure rate of interest concept is based on the assumption that no uncertainty affects the investment undertaken by the individual, i.e., there is no doubt that the periodic interest payments will be made and the principal returned at the end of the time period. In reality, investments without risk do not exist. Every commitment of funds involves some degree of uncertainty.

Turning to the second factor affecting the cost of capital, it is generally

accepted that the higher the degree of uncertainty, the higher the cost of capital. Investors are regarded as risk adverse and require that the rate of return increase as the risk (uncertainty) associated with an investment increase.

**Q12. CAN YOU PROVIDE SOME PERSPECTIVE ON YOUR PREVIOUS DISCUSSION WITH RESPECT TO RETURNS ON COMMON STOCKS?**

A12. Yes. Conceptually,

[1] Required Return for Common Stocks = Return on a risk-free asset + Risk Premium

where the risk premium investors require for common stocks will be higher than the risk premium they require for investment grade bonds. This relationship is depicted in the graph of the CML above. As I will discuss later in this testimony, this concept is the basis of risk premium methods, such as the CAPM, that are used to estimate the cost of equity.

**Q13. WHAT HAS BEEN THE RECENT EXPERIENCE IN THE U.S. CAPITAL MARKETS?**

A13. In the past 10 years, inflation and capital market costs have generally declined. Interest rates have been lower than in previous decades. Past inflation, as measured by the Consumer Price Index, has been at relatively low levels in the past 10 years.

The roughly 6 year span of economic expansion after the 2001 recession began to wane in 2007. Year-over-year Gross Domestic Product ("GDP") growth[1] for 2004, 2005, and 2006 was 3.6 percent, 3.1 percent, and 2.7 percent, respectively. GDP growth was, in part, spurred on by low interest rates during this period. The Federal Reserve, having lowered the target Federal Funds rate to 1.0

[1] GDP percentage change based on current dollars (1930-2008).

percent by the end of 2003, began raising interest rates in 2004 to help keep the economy from overheating and to help keep inflation in check. By mid-2006, the Federal Reserve had raised the target Federal Funds rate to 5.25 percent.

The economic expansion was broad, taking in the major consumer and industrial sectors for much of its span. However, economic expansion also brought excesses, particularly in the areas of housing, lending practices, and the financial markets.

Economic growth slowed in 2007. For 2007, the year-over-year GDP growth had dropped to 2.1 percent. The slow economic growth combined with the excesses during the economic expansion of the previous 6 years created turmoil in the credit, financial, and housing markets.

In order to address the weakening economy, the Federal Reserve, starting in September 2007, took a series of rate cut actions (525 aggregate basis points). The reductions in interest rates by the Federal Open Market Committee ("FOMC") were taken in order to promote economic growth and to mitigate risks to economic activity. As a result, the target Federal Funds rate currently stands at zero to .25 percent.

The year-over-year GDP growth for 2008 was 0.4 percent. GDP growth for the first and second quarter of 2009 was negative 6.4 percent and a negative 0.7 percent, respectively. The GDP growth estimate for the third quarter of 2009 is 2.8 percent. The third quarter positive GDP growth estimate is underpinned to a large degree by federal programs to assist the troubled auto and housing industries. But, these programs have or will shortly come to an end. Further, the $800 billion Federal stimulus enacted earlier this year has been said to already have had its greatest impact on economic growth so future positive impact on the economy is not expected to be great.

It is clear that during the past several months, both the economy and the financial markets have improved. Economists now believe the recession has ended, but also see a long, sluggish recovery. The recession was deep, costing millions of job losses across a number of industries. Unemployment now tops 10 percent and is not expected to significantly improve through 2010. Economists expect GDP growth to ease to a 2.0 to 2.5 percent in the fourth quarter of 2009 and then to remain subdued for much of 2010. As Value Line states "the evolving business upturn may be a checkered affair, with a succession of peaks and valleys along the way...Should [an] uneven recovery unfold, the stock market might remain quite volatile."[2]

In that regard, there are several key factors that could cap the strength of economic recovery over the next few years. These include an unusually slow improvement in labor market conditions,[3] only modest gains in consumer spending, tight credit and a desire by households to pare debt, a slow recovery in residential investment due to still rising home foreclosures and persistently high inventories of unsold existing homes, a further pull-back in commercial construction, limited improvement in capital spending resulting from excess capacity that exists in many sectors, and still continued lack of capital available to small and mid-sized businesses.[4]

**Q14. WHAT ABOUT THE STATUS OF THE CREDIT MARKETS?**

A14. Federal Reserve Chairman Ben Bernanke noted in Congressional testimony late last year that financial markets were under considerable stress and that broader

[2] Value Line Selection and Opinion, October 16, 2009.

[3] The unemployment rate recently jumped to 10.2%, which is higher than the unemployment rate during the 2001 recession.

[4] Blue Chip Financial Forecasts, Vol. 28, No. 10, October 1, 2009.

retrenchment in the willingness of investors to bear risk, troubles in the credit markets and a weaker outlook for economic growth have added to the stresses on economic growth. After the Federal Reserve lowered the target federal funds rate to zero from 25 basis points in late 2008, the three month Treasury bill yields dropped to near zero, and yields on the two, five, ten and thirty year yield treasuries fell to the lowest levels since the Treasury began regular sales of the securities. More recently, however, despite the low target federal funds rate, yields on longer dated Treasury yields have risen to levels that are 70-140 basis points over their December 2008 levels. Some analysts attribute the run up in yields to rising jitters among investors about the tidal wave of Federal debt issued earlier this year, to the expected debt to be issued to fund the massive $800 billion "stimulus" package enacted by Congress and signed by the President earlier this year, and to the expected additional billions of dollars above the already authorized $750 billion Trouble Asset Repurchase Program ("TARP") passed last year to address the weaknesses in the credit markets.

As previously indicated, the continued turmoil in the credit markets, the ballooning federal deficits, and weakness in business and consumer spending will continue to have a significant drag on the economy. And, while the capital markets have improved in recent months, the capital markets continue reflect the uncertainty and relatively low confidence of investors in the financial markets, in the future prospects for strong economic growth, and concerns over higher inflation in the coming years. Naturally, despite relatively low U.S. Treasury yields over the past several years, the premiums required for investors to hold and buy securities is much higher than in the recent past due to this uncertainty.

**Q15. IS THERE A RELATIONSHIP BETWEEN THE COST OF EQUITY AND INTEREST RATES?**

A15. Yes. All other things being equal, the cost of equity moves in the same direction as interest rates. Lower interest rates on U.S. Treasuries ("risk-free" rate) imply lower equity returns and visa versa. However, as indicated by Equation 1 above, the risk premium required to compensate investors also impacts the cost of equity. Higher risk premiums required by investors imply higher equity costs and vica versa. Risk premiums are impacted by uncertainty in future interest rates, business and economic conditions, expected inflation, and other risk factors including interest rate risk, business risk, regulatory risk, financial risk, construction risk, and liquidity risk.

The flight to quality and low risk investments as the stock market began to tumble last year drove treasury yields to very low levels. But, as noted earlier, the federal government has and is expected to significantly increase its borrowing in order to "stimulate" the economy and address systemic problems in the credit markets. This, in turn, has resulted in increasing yields on Treasuries as investors get jittery about the risks of the massive debt load the federal government is taking on.

**Q16. IS LQSWC AFFECTED BY THESE SAME MARKET UNCERTAINTIES AND CONCERNS?**

A16. Yes, in general, all investors are impacted by bad economic news, and LQSWC's investors are not immune to uncertainty. In the current economic environment, even large publicly traded companies felt the impact. Investment grade bond (Baa) yields rose to over 9 percent towards the end of last year. Currently investment grade bond yields are 6.3 percent (November 20, 2009). In that regard, utilities are not immune to the higher capital costs of the current economic environment either. The average beta (a measurement of market risk) for the water utility sample companies has risen significantly over the past couple of years.

As discussed above, capital costs have risen significantly over the past year or so. And, smaller utilities like LQSWC generally feel the impact worse because they have a small customer base, resulting in an inability or limited ability to attract capital.

**Q17. WHAT ARE THE RECENT DEVELOPMENTS IN THE WATER UTILITY INDUSTRY AFFECTING UTILITY INVESTMENTS AND THE MARKET?**

A17. On the whole, the water utility industry is expected to continue to confront increasing infrastructure demand. According to the *Value Line Investment Survey*, many utilities have facilities that are decades old and in need of significant maintenance and, in some cases, massive renovation and/or replacement. In addition, the EPA and state and local regulators continue to impose more stringent environmental quality and operational standards, such as new maximum contaminant levels for public drinking water systems. Additional operational requirements have also been imposed to address the threat of bio-terrorism on U.S. water systems. As infrastructure costs continue to climb, many smaller companies are at a serious disadvantage. Without sufficient resources to fund improvements needed to meet new and more stringent requirements, many smaller companies are being forced to sell to larger utilities, which have greater operational flexibility and resources, as well as access to capital.

**Q18. WOULD YOU PLEASE DISCUSS IN MORE DETAIL THE IMPACT OF RISK ON CAPITAL COSTS?**

A18. With reference to specific utilities, risk is often discussed as consisting of two separate types of risk: business risk and financial risk.

Business risk, the basic risk associated with any business undertaking, is the uncertainty associated with the enterprise's day-to-day operations. In essence, it is a function of the normal day-to-day business environment, both locally and

nationally. Business risks include the condition of the economy and capital markets, the state of labor markets, regional stability, government regulation, technological obsolescence, and other similar factors that may impact demand for the business product or service and its cost of production. For utilities, business risk also includes the volatility of revenues due to abnormal weather conditions, degree of operational leverage, regulation, and regulatory climate. Regulation, for example, can compound the business risk if it is unpredictable in responding to cost increases both in terms of the time lag for and magnitude of cost recovery allowed. Regulatory lag makes it difficult to earn a reasonable return particularly in an inflationary environment and/or when there is significant lag between the timing of investment in capital projects and its recognition in rates. Put simply, the greater the degree of uncertainty regarding the various factors affecting a company's business, the greater the risk of an investment in a company and the greater the compensation required by the investor.

Financial risk, on the other hand, concerns the distribution of business risk to the various capital investors in the utility. As I discussed earlier, permanent capital is normally divided into three categories: long-term debt, preferred stock, and common equity. Because common equity owners have only a residual claim on earnings after debt and preferred stockholders are paid, financial risk tends to be concentrated in that element of the firm's capital. Thus, a decision by management to raise additional capital by issuing additional debt concentrates even more of the financial risk of the utility in the common equity owners.

An important component of financial risk is construction risk. Construction risk refers to the magnitude of a company's capital budget. If a company has a large construction budget relative to internally generated cash flows it will require external financing. It is important that companies have access to capital funds on

reasonable terms and conditions. In that regard, utilities are more susceptible to construction risk for two reasons. First, utilities generally have high capital requirements to build the necessary plant to serve customers. Second, utilities have a mandated obligation to serve leaving less flexibility both in the timing and discretion of scheduling capital projects. This is compounded by the limited ability to wait for more favorable market conditions to raise the capital necessary to fund the capital projects.

Although often discussed separately, the two types of risks (business and financial) are interrelated. Specifically, a common equity investor may seek to offset exposure to high financial risk by investing in a firm perceived to have a low degree of business risk. In other words, the total risk to an investor would be high if the enterprise was characterized as a high business risk with a large portion of its permanent capital financed with senior debt. To attract capital under these circumstances, the firm would have to offer higher rates of return to its common equity investors.

## IV. THE MEANING OF "JUST AND REASONABLE" RATE OF RETURN

**Q19. HAVE THE COURTS SET FORTH ANY CRITERIA THAT GOVERN THE RATE OF RETURN THAT A UTILITY'S RATES SHOULD PRODUCE?**

A19. Yes. In 1923, the U.S. Supreme Court set forth the following criteria for determining whether a rate of return is reasonable in *Bluefield Water Works and Improvement Co. v. Public Service Commission of West Virginia*, 262 U.S. 679, 692-93 (1923):

> A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments on other business undertaking which are attended by corresponding risks and uncertainties .... The return should be reasonably sufficient to assure confidence in the financial soundness of the utility and

> should be adequate, under efficient and economical management to maintain and support its credit and enable it to raise money necessary for the proper discharge of its public duties. A rate of return may be reasonable at one time and become too high or too low by changes affecting opportunities for investment, the money market, and business conditions generally.

In summary, under *Bluefield Water Works*:

(1) The rate of return should be similar to the return in businesses with similar or comparable risks;

(2) The return should be sufficient to ensure the confidence in the financial integrity of the utility; and

(3) The return should be sufficient to maintain and support the utility's credit.

**Q20. HOW HAVE THESE CRITERIA BEEN APPLIED IN REGULATORY PROCEEDINGS?**

A20. Yes, but the application of the "reasonableness" criteria laid down by the Supreme Court has resulted in controversy. The typical method of computing the overall cost of capital is quite straightforward: it is the composite, weighted cost of the various classes of capital (debt, preferred stock, and common equity), used by the utility. The weighting is done by calculating the proportion that each class of capital bears to total capital. However, there is no consensus regarding the best method of estimating the cost of equity capital. The increasing regulatory emphasis on objectivity in determining the rate of return has resulted in a proliferation of market-based finance models that are used in equity return determination. As will be discussed more fully below, however, none of these models are universally accepted as the "correct" means of estimating the ROE.

## V. THE ESTIMATED COST OF EQUITY FOR LQSWC

### A. The Publicly Traded Utilities That Comprise the Sample Group Used to Estimate LQSWC's Cost of Equity.

**Q21. PLEASE BRIEFLY DESCRIBE THE APPROACH YOU FOLLOWED IN YOUR COST OF CAPITAL ANALYSIS FOR LQSWC.**

A21. As I have stated, estimating the cost of equity is a matter of informed judgment. The development of an appropriate rate of return for a regulated enterprise involves a determination of the level of risk associated with that enterprise and the determination of an appropriate return for that risk level. Practitioners employ various techniques that provide a link to actual capital market data and assist in defining the various relationships that underlie the equity cost estimation process.

Since LQSWC is not publicly traded, the information required to directly estimate LQSWC's cost of equity is not available. Accordingly, I used a sample group of water utilities as a starting point to develop an appropriate cost of equity for LQSWC. There are six water utilities included in the sample group: American States Water, Aqua America, California Water, Connecticut Water, Middlesex Water, and SJW Corp. All these companies are followed by the *Value Line Investment Survey.*

**Q22. ARE THE WATER UTILITIES IN YOUR SAMPLE DIRECTLY COMPARABLE TO LQSWC?**

A22. No, but they are utilities for which market data is available. All of them are regulated, they primarily provide water service, although some provide both water and wastewater services, and their primary source of revenues is from regulated services. Therefore, they provide a useful starting point for developing a cost of equity for LQSWC. I emphasized "starting point" because LQSWC is not publicly traded. Additionally, there is no market data available for smaller utilities, like

LQSWC, that can be used to develop cost of equity estimates.

**Q23. DOES THE MARKET DATA PROVIDED BY THE WATER UTILITY SAMPLE CAPTURE ALL OF THE MARKET RISKS THAT LQSWC MIGHT FACE IF IT WERE PUBLICLY TRADED?**

A23. In my opinion, no. As I stated, there is no comparable market data for utility companies the size of LQSWC. The average revenue of the water utility sample companies is over 388 times that of LQSWC, and the average net plant of the water utility sample companies is over 618 times that of LQSWC. Even the smallest company in the sample group, Connecticut Water, has over 95 times the net plant of LQSWC, and over 135 times the revenues.

**Q24. PLEASE PROVIDE A GENERAL DESCRIPTION OF THE WATER UTILITIES IN YOUR SAMPLE.**

A24. Schedule D-4.2 lists the operating revenues and net plant for the six water utilities as reported by AUS Utility Reports (formerly C.A. Turner Utility Reports) and LQSWC. In addition, below is a general description of each of the companies:

(1) American States Water (AWR) primarily serves the California market through Golden State Water Company, which provides water services to over 254,000 customers within 75 communities in 10 counties in the State of California, primarily in Los Angeles, San Bernardino, and Orange counties. It has one subsidiary serving the Arizona market with approximately 13,000 customers in Fountain Hills and Scottsdale. AWR also owns an electric utility service provider with over 23,000 customers, but approximately 91 percent of its revenues were derived from commercial and residential water customers. Revenues for American States were $318.7 million in 2008 and net plant nearly $724 million at the end of 2008.

(2) Aqua America (WTR) owns regulated utilities in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Florida, Indiana, Virginia, Maine, Missouri, New York, and South Carolina, serving over 945,000 customers at the end of 2008. WTR's utility base is diversified among residential water, commercial water, fire protection, industrial water, other water, and wastewater customers. Total revenues for WTR were nearly $627 million in 2008 and net plant was nearly $2.58 billion at the end of 2008.

(3) California Water Service Group (CWT) owns subsidiaries in California, New Mexico, Washington, and Hawaii serving over 180,000 customers. The California operations account for over 95 percent of customers and over 96 percent of operating revenues. Revenues for CWT were over $410 million in 2008 and net plant nearly $1 billion at the end of 2008.

(4) Connecticut Water Services (CTWS) owns subsidiaries in Connecticut and Massachusetts serving over 87,000 customers. Revenues for CTWS were over $61 million in 2008 and net plant over $250 million at the end of 2008.

(5) Middlesex Water (MSEX) owns subsidiaries in New Jersey and Delaware serving over 105,000 customers and provides water service under contract to municipalities in central New Jersey to a population of over 267,000. Revenues for MSEX were over $91 million in 2008 and net plant was over $312 million at the end of 2008.

(6) SJW Corp. (SJW) owns San Jose Water, which provides water service in a 138 square mile area in San Jose, California, and surrounding communities. Revenues for SJW were over $220

million in 2008 and net plant was over $492 million at the end of 2008.

**Q25. HOW DOES LQSWC COMPARE TO THE SAMPLE WATER UTILITIES?**

A25. It is smaller. At the end of the test year, LQSWC had approximately 1,000 customers, inclusive of standpipe customers. Its revenues totaled approximately $480,000, and its net plant-in-service was approximately $2.7 million. LQSWC is located in a portion of the Town of Sahuarita, Arizona, and has a small service territory compared to the sample water companies.

**Q26. ARE THERE OTHER FACTORS OF SMALLER UTILITIES, LIKE LQSWC, WHICH INCREASE RISK?**

A26. Yes. Because smaller utilities, like LQSWC, are not publicly traded they have less financial flexibility which in turn increases risk. LQSWC does not have access to the public equity markets and this lack of financial flexibility increases risk because it has no choice but to rely on retained earnings, short-term debt, and privately placed bonds to provide capital for plant improvements and additions necessary to ensure safe and reliable water service to its customers. LQSWC's recent borrowing to fund its arsenic treatment facilities and to increase its storpage capacity has left the Company with a high level of debt making it less financially flexible going forward. LQSWC does not have a market to issue common stock to the public to raise capital so sufficient and stable earnings so that LQSWC can meet its debt service requirements and meet its capital requirements over the coming years is all the more critical.

Water utilities are capital intensive and typically have large construction budgets. LQSWC's construction budget for the next three years is over $800,000. After that, the Company will need to expend $300,000 to $400,000 annually as it

continues to replace 6 to 7 miles of piping[5] that is now over 40 years old. As discussed on page 13 of this testimony, firms with large capital budgets face construction risk (a form of financial risk). The size of a utility's capital budget relative to the size of the utility itself often increases construction risk. Larger utilities may be able to fund large capital budgets from earnings and short-term borrowings. For smaller utilities, like LQSWC, the ability to fund relatively large capital budgets from earnings and short-term debt is difficult to obtain, requiring that additional capital be raised. However, the ability to raise additional capital is in and of itself challenging and compounded by a limited ability to access capital, an obligation to serve, and a limited ability to wait for more favorable market conditions to raise the capital necessary to fund necessary capital projects.

**Q27. WHAT OTHER RISK FACTORS DISTINGUISH LQSWC FROM THE LARGER SAMPLE WATER UTILITIES?**

A27. There are a number of state specific factors that increase the risk to Arizona water and wastewater utilities.

First, the regulatory environment in which LQSWC operates is much different than that of the sample water utilities. Arizona water and wastewater utilities face legal constraints that limit their ability to obtain rate relief outside of a general rate case in which the "fair value" of the utility's property is determined and used to set rates. The Arizona Constitution, as interpreted in court decisions, limits the ability of Arizona utilities to utilize adjustment mechanisms, advice letter filings and other streamlined procedures to obtain timely recovery of costs outside a general rate case, in contrast to many other jurisdictions.

[5] Current piping is asbestos based and may require additional disposal and handling costs which are not included in the estimated budget. $300,000 assumes replacing approximately ¼ mile of pipe each year.

Second, the Commission requires the use of an historic test year with limitations on the amount of out-of-period adjustments. This process creates another state-specific factor that increases risk and thus the required ROEs for utilities in Arizona. In fact, three out of the six sample water companies operate primarily in California – American States, California Water and SJW Corp. California uses future test years to help better match plant investment and revenues and expenses going forward - the period in which rates will be in effect. California also allows the use of balancing accounts on major operating expenses like purchased power and purchased water to help utilities recover expenses that are beyond their control. A fourth utility in the sample group, Aqua America, has regulatory mechanisms available to it to help lessen risk. In six states in which Aqua America operates water utilities, and two states in which Aqua America operates wastewater utilities, regulatory bodies permit it to add a surcharge to water or wastewater bills to offset the additional depreciation and capital costs associated with certain capital expenditures related to replacing and rehabilitating infrastructure systems. Aqua America also operates in jurisdictions in which it may bill utility customers in accordance with a rate filing that is pending before the respective regulatory commission, as well as in jurisdictions that authorize the use of expense deferrals and amortization in order to provide for an impact on its operating income by an amount that approximates the requested amount in a rate request. In addition, certain states in which Aqua America operates use a surcharge or credit on bills to reflect changes in certain costs, such as changes in state tax rates, other taxes and purchased water, until such time as the costs are incorporated into base rates.

**Q28. IT DOESN'T APPEAR THAT LQSWC IS ACTUALLY COMPARABLE TO THE SAMPLE WATER UTILITIES.**

A28. It really isn't, for the reasons I have stated. Constraints on the rate making process in Arizona make it difficult to obtain approval of rates that allow Arizona water and wastewater utilities to recover the costs of service it will actually incur during the period when new rates are put in place, which can be several years beyond the test year. Risks are higher for LQSWC and the required return on equity should be above the level required by water utilities that operate in states that do not have such limitations imposed, either by law or by agency policy, on the rate-setting process. Unfortunately, as I testified, the approaches commonly used to estimate a utility's cost of equity require market data, which is not available for smaller companies and utilities operating exclusively in Arizona, like LQSWC. As a result, much larger, public companies must be used as proxies.

But the emphasis on proxy is very important. The criteria established by the Supreme Court in decisions such as *Bluefield Water Works* require the use of comparable companies, i.e., companies that would be viewed by investors as having similar risks. A rational investor would not regard LQSWC as having the same level of risk as Aqua America or even Connecticut Water. Consequently, the results produced by the DCF and CAPM methodologies, utilizing data for the sample utilities, often understate the appropriate return on equity for a regulated water utility provider.

**Q29. YOU PREVIOUSLY DISCUSSED FINANCIAL RISK, WHICH IS RELATED TO A FIRM'S CAPITAL STRUCTURE. HOW DO THE CAPITAL STRUCTURES OF THE SAMPLE WATER UTILITIES COMPARE TO LQSWC?**

A29. Schedule D-4.3 shows that the capital structure of LQSWC at June 30, 2009 contains 73.9 percent debt and 26.1 percent equity, compared to the average of the water utility sample of 46.9 percent debt and 53.1 percent equity.

**Q30. IS THERE A RELATIONSHIP BETWEEN A UTILITY'S CAPITAL STRUCTURE AND ITS COST OF CAPITAL?**

A30. Yes. Generally, when a firm engages in debt financing, it exposes itself to greater risk. Once debt becomes significant relative to the total capital structure, the risk increases in a geometric fashion compared to the linear percentage increase in the debt ratio itself. This risk is illustrated by considering the effect of leverage on net earnings. For example, as leverage increases, the equity ratio falls. This creates two adverse effects on the investor. First, equity earnings decline rapidly and may even disappear. Second, the "cushion" of equity protection for debt falls. A decline in the protection afforded debt holders, or the possibility of a serious decline in debt protection, will act to increase the cost of debt financing. Therefore, one may conclude that each new financing, whether through debt or equity, impacts the marginal cost of future financing by any alternative method. For a firm already perceived as being over-leveraged, this additional borrowing would cause the marginal cost of both equity and debt to significantly increase. On the other hand, if the same firm instead employed equity funding, this could actually reduce the real marginal cost of additional borrowing, even if the particular equity issuance occurred at a higher unit cost than an equivalent amount of debt.

Having more debt in its capital structure indicates that LQSWC has more financial risk than the water utility sample. Equally important, smaller utilities cannot support the same level of debt as larger utilities and smaller utilities tend to have less debt in their capital structures as a result. The fact the LQSWC has significantly more debt in its capital structure than the large publicly traded utilities is a serious concern. Smaller utilities face higher business and operational risk as compared to larger utilities which magnify the financial risk of higher debt levels

in their capital structures.

## B. Overview of the DCF and CAPM Methodologies

**Q31. PLEASE EXPLAIN THE GENERAL APPROACHES TO ESTIMATING THE COST OF CAPITAL.**

A31. There two broad approaches:

1) identify comparable-risk sample companies and estimate the cost of capital directly, and,

2) find the location of the CML and estimate the relative risk of the company that jointly determines the cost of capital.

The DCF model is an example of a method falling into the first general approach. It is a direct method, but uses only a subset of the total capital market evidence. The DCF model rests on the premise that the fundamental value of an asset (stock) is its ability to generate future cash flows to the owner of that asset (stock). I will explain the DCF model in more detail later. For now, the DCF is simply the sum of a stock's expected dividend yield and the expected long-term growth rate. Dividend yields are readily available, but long-term growth estimates are more difficult to obtain.

The CAPM is an example of a method falling into the second general approach. It uses information on all securities rather than a small subset. I will explain the CAPM in more detail later. For now, the CAPM is a risk-return relationship, often depicted graphically as the CML. The CAPM is the sum of a risk-free return and a risk premium.

Each of these two methods has their own way of measuring investor expectations. In the final analysis, ROE estimates are subjective and should be based on sound, informed judgment rationally articulated and supported by competent evidence. I have applied several versions of the DCF, and two versions

of the CAPM to "bracket" the fair cost of equity capital for LQSWC, but without taking into account the additional risks that LQSWC possesses.

### C. Explanation of the DCF Model and Its Inputs

**Q32. PLEASE EXPLAIN THE DCF METHOD OF ESTIMATING THE COST OF EQUITY.**

A32. The DCF model is based on the concept that the current price of a share of stock is equal to the present value of future cash flows from the purchase of the stock. In other words, the DCF model is an attempt to replicate the market valuation process that sets the price investors are willing to pay for a share of a company's stock. It rests on the assumption that investors rely on the expected returns (i.e., cash flow they expect to receive) to set the price of a security. The DCF model in its most general form is:

$$[2] \quad P_0 = CF_1/(1+k) + CF_2/(1+k)^2 + .... + CF_n/(1+k)^n$$

where k is the cost of equity; n is a very large number; $P_0$ is the current stock price; and, $CF_1$, $CF_2$,...$CF_n$ are all the expected future cash flows expected to be received in periods 1, 2, ... n.

Equation (2) can be written to show that the current price ($P_0$) is also equal to

$$[3] \quad P_0 = CF_1/(1+k) + CF_2/(1+k)^2 + ... + P_t/(1+k)^t$$

where $P_t$ is the price expected to be received at the end of the period t. If the future price ($P_t$) included a premium (an expected increase in the stock price or capital gain), the price the investor would pay today in anticipation of receiving that premium would increase. In other words, by estimating the cash flows from the purchase of a stock in the form of dividends and capital gains, we can calculate the investor's required rate of return, i.e., the rate of return an investor presumptively used in bidding the current price to the stock ($P_0$) to its current level.

Equation [3] is a Market Price version of the DCF model. As with the general form of the DCF model in equation [2], in the Market Price approach the current stock price ($P_0$) is the present value of the expected cash inflows. The cash flows are comprised of dividends and the final selling price of the stock. The estimated cost of equity (k) is the rate of return investors expect if they bought the stock at today's price, held the stock and received dividends through the transition period, and then sold it for price ($P_t$).

**Q33. CAN YOU PROVIDE AN EXAMPLE TO ILLUSTRATE THE MARKET PRICE VERSION OF THE DCF MODEL?**

A33. Yes. Assume an investor buys a share of common stock for $40. If the expected dividend during the coming year is $2.00, then the expected dividend yield is 5 percent ($2.00/$40 = 5.0 percent). If the stock price is also expected to increase to $43.00 after one year, this $3.00 expected gain adds an additional 7.5 percent to the expected total rate of return ($3.00/$40 = 7.5 percent). Thus, the investor buying the stock at $40 per share, expects a total return of 12.5 percent (5 percent dividend yield plus 7.5 percent price appreciation). The total return of 12.5 percent is the appropriate measure of the cost of capital because this is the rate of return that caused the investor to commit $40 of his capital by purchasing the stock.

**Q34. PLEASE CONTINUE WITH YOUR DESCRIPTION OF THE DCF MODEL.**

A34. Under the assumption that future cash flows are expected to grow at a constant rate ("g"), equation [2] can be solved for k and rearranged into the simple form:

[4] $k = CF_1/P_0 + g$

where $CF_1/P_0$ is the expected dividend yield and g is the expected long term dividend (price) growth rate ("g"). The expected dividend yield is computed as the ratio of next period's expected dividend ("$CF_1$") divided by the current stock price

("$P_0$"). This form of the DCF model is known as the constant growth DCF model and recognizes that investors expect to receive a portion of their total return in the form of current dividends and the remainder through future dividends and capital (price) appreciation. A key assumption of this form of the model is that investors expect that same rate of return (k) every year and that market price grows at the same rate as dividends. This has not been historically true for the water utility sample, as shown by the data in Schedule D-4.4 and Schedule D.4.5. As a result, estimates of long-term growth rates (g) should take this into account.

**Q35. ARE THERE ANY GENERAL CONCERNS ABOUT APPLYING THE DCF MODEL TO UTILITY STOCKS?**

A35. There are a number of reasons why caution must be used when applying the DCF model to utility stocks. First, the stock price and dividend yield component may be unduly influenced by structural changes in the industry, such as mergers and acquisitions, which influence investor expectations. Second, the DCF model is based on a number of assumptions which may not be realistic given the current capital market environment. The traditional DCF model assumes that the stock price, book value, dividends, and earnings all grow at the same rate. This has not been historically true for the sample water utility companies. Third, the application of the DCF model produces estimates of the cost of equity that are consistent with investor expectations only when the market price of a stock and the stock's book value are approximately the same. The DCF model will understate the cost of equity when the market-to-book ratio exceeds 1.0 and conversely will overstate the cost of equity when the market-to-book ratio is less than 1.0. The reason for this is that the market-derived return produced by the DCF is often applied to book value rate base by regulators. Fourth, the assumption of a constant growth rate may be unrealistic, and there may be difficulty in finding an adequate proxy for the growth

rate. Historical growth rates can be downward based as a result of the impact of anemic historical growth rates in earnings, mergers and acquisitions, restructuring, unfavorable regulatory decisions, and even abnormal weather patterns. Further, by placing too much emphasis on the past, the estimation of future growth becomes circular.

**Q36. LET'S TURN TO THE SPECIFIC INPUTS USED IN YOUR DCF MODELS. WHAT DATA HAVE YOU USED TO COMPUTE THE EXPECTED DIVIDEND YIELD ($CF_1/P_0$) IN YOUR MODELS?**

A36. First, I computed a current dividend yield ($CF_0/P_0$). The expected dividend yield ($CF_1/P_0$) is the current dividend yield ($CF_0/P_0$) times one plus the growth rate (g). I used the spot price for each of the stocks of the water utilities in the sample group as reported by the Value Line Investment Analyzer for November 20, 2009 for $P_0$. The current dividend ($CF_0$) is the dividend for the next year as reported by Value Line. In my schedules, the current dividend yield is denoted as ($D_0/P_0$), where $D_0$ is the current dividend and $P_0$ is the spot stock price. ($D_1/P_0$) is used to denote the expected dividend yield in the schedules.

**Q37. WHAT MEASURES OF GROWTH ("g") HAVE YOU USED?**

A37. For my primary DCF growth estimate, I have used analyst growth forecasts, where available, from four different, widely-followed sources: *Zack's Investment Research*, *Morningstar*, *Yahoo Finance*[6], and *Value Line Investment Survey*. Schedule D-4.6 reflects the analyst estimates of growth. The currently available estimates from these four sources provide at least two estimates for each of the sample water utility companies. When there is no estimate of forward-looking growth for a utility in the water utilities sample, I have assumed investors expect

[6] Yahoo Finance analyst estimates provided by Thompson Financial.

the growth for that utility to equal the average of growth rates for the other water utilities in the sample.

**Q38. WHY DID YOU USE FORECASTED GROWTH RATES AS YOUR PRIMARY ESTIMATE OF GROWTH?**

A38. The DCF model requires estimates of growth that investors expect in the future and not past estimates of growth that have already occurred. Accordingly, I use as a primary estimate of growth analysts' forecasts of growth. Logically, in estimating future growth, financial institutions and analysts have taken into account all relevant historical information on a company as well as other more recent information.[7] To the extent that past results provide useful indications of future growth prospects, analysts' forecasts would already incorporate that information. In addition, a stock's current price reflects known historic information on that company, including its past earnings history. Any further recognition of the past will double count what has already occurred. Therefore, forward-looking growth rates should be used.

**Q39. WHAT OTHER ESTIMATES OF GROWTH DID YOU USE?**

A39. I used the 5-year historical average growth rates in the stock price, book value per share ("BVPS"), earnings per share ("EPS") and dividends per share ("DPS") along with the average of analyst expectations. Using the historical average of price, BVPS, EPS, and EPS growth is reasonable because investors know that, in equilibrium, common stock prices, BVPS, EPS and DPS will all grow at the same

[7] David A. Gordon, Myron J. Gordon and Lawrence I Gould, "Choice Among Methods of Estimating Share Yield," *Journal of Portfolio Management* (Spring 1989) 50-55. Gordon, Gordon and Gould found that a consensus of analysts' forecasts of earnings per share growth for the next five years provides a more accurate estimate of growth required in the DCF model than three different historical measures of growth (historical EPS, historical DPS, and historical retention growth). They explain that this result makes sense because analysts would take into account such past growth as indicators of future growth as well as any new information.

rate and would take information about changes in stock prices and growth in BVPS into account when they price utilities' stocks. As I stated earlier, a basic assumption of the DCF model is that the stock price, BVPS, EPS and DPS all grow at the same rate. While I believe this growth rate gives further recognition to the past that is already incorporated into analyst estimates of growth, I have been criticized by Staff in the past for not giving direct consideration to past growth rates in my estimate of growth.

**Q40. WHAT OTHER CONCERNS DO YOU HAVE ON THE USE OF HISTORICAL DPS GROWTH IN YOUR DCF ESTIMATE OF GROWTH?**

A40. Although I have used historical DPS growth in my estimate, I believe the use of historical DPS growth depresses the growth rate. Attachment 1 shows the constant growth DCF results using historical DPS growth. The result is 7.0 percent. While this is above the current cost of investment grade bonds at 6.3 percent, four of the six indicated cost of equity estimates are well below the cost of investment grade bonds. It is important to keep in mind that there is a great deal of empirical evidence demonstrating that, on average, stocks are riskier than bonds and thus achieve higher returns. Morningstar, for example, annually publishes its comprehensive study of historical returns on stocks and bonds.[8]

Putting aside the potential distortions to the result produced by the DCF model caused by structural changes to the industry and abnormal weather conditions, it does not make sense to employ growth rates that result in indicated equity returns less than the cost of debt, especially when those results fly in the face of a large body of empirical evidence. Investors would not bid up the price of a utility stock if the expected return is equivalent to returns on bonds and other debt

[8] Morningstar, *Ibbotson SBBI 2009 Valuation Yearbook.*

investments. As the CML depicted previously illustrates, common stocks are higher and to the right of investment grade bonds on the CML continuum because they are riskier investments. Again, the empirical evidence supports this conclusion. The results using historical DPS growth are unreasonable.

**Q41. WHY DID YOU NOT USE ANALYST ESTIMATES OF DPS GROWTH?**

A41. Primarily because only one source provides dividend growth estimates (*Value Line*). Further, *Value Line* only provides estimates for three of the six companies in my proxy group. The lack of analyst DPS estimates makes these estimates very poor proxies for growth.

**D. <u>Explanation of the CAPM and Its Inputs</u>**

**Q42. PLEASE EXPLAIN THE CAPM METHODOLOGY FOR ESTIMATING THE COST OF EQUITY.**

A42. As I already indicated, the CAPM is a type of risk premium methodology that is often depicted graphically in a form identical to the CML. Put simply, the CAPM formula is the sum of a risk-free rate plus a risk premium. It quantifies the additional return required by investors for bearing incremental risk. The risk-free rate is the reward for postponing consumption by investing in the market. The risk premium is the additional return compensation for assuming risk.

The CAPM formula provides a formal risk-return relationship premised on the idea that only market risk matters, as measure by beta. The CAPM formula is:

$$(7) \quad k = R_f + \beta(R_m - R_f)$$

where k is the expected return, $R_f$ is the risk-free rate, $R_m$ is the market return, ($R_f$-$R_m$) is the market risk premium, and $\beta$ is beta.

The difficulty with the CAPM is that it is a prospective or forward-looking model while most of the capital market data required to match the input variables above is historical.

**Q43. WHAT IS THE RISK-FREE RATE?**

A43. It is the return on an investment with no risk. The U.S. Treasury rate serves as the basis for the risk-free rate because the yields are directly observable in the market and are backed by the U.S. government. Practically speaking, short-term rates are volatile, fluctuate widely and are subject to more random disturbances than long-term rates. In short, long-term Treasury rates are preferred for these reasons and because long-term rates are more appropriately matched to securities with an indefinite life or long-term investment horizon.

**Q44. WHAT IS BETA AND WHAT DOES IT MEASURE?**

A44. Beta is a measure of the relative risk of a security and the market. In other words, it is a measure of the sensitivity of a security to the market as a whole. This sensitivity is also known as systematic risk. It is estimated by regressing a security's excess returns against a market portfolio's excess returns. The slope of the regression line is the beta.

Beta for the market is 1.0. A security with a beta greater than 1.0 is considered riskier than the market. A security with a beta less than 1.0 is considered less risky than the market.

There are computational problems surrounding beta. It depends on the return data, the time period used, its duration, the choice of the market index, and whether annual, monthly, or weekly return figures are used. Betas are estimated with error. Based on empirical evidence, high betas will tend to have a positive error (risk is overestimated) and low betas will have a negative error (risk is underestimated).[9]

**Q45. WHAT DID YOU USE AS THE PROXY OF THE BETA FOR LQSWC?**

[9] Eugene F. Fama and Kenneth R. French, "The Capital Asset Pricing Model: Theory and Evidence," *Journal of Economic Perspectives* (Summer 2004) 25-46.

A45. I used the average beta of the sample water utility companies. Betas were obtained from *Value Line Investment Analyzer* (November 20, 2009). *Value Line* is the source for estimated betas that I regularly employ along with the Commission's Staff and is widely accepted by financial analysts. The average beta as shown on Schedule D-4.13 is 0.80. I should note that because LQSWC is not publicly traded, LQSWC has no beta. I believe that LQSWC, if it were publicly traded, would have a higher beta than the sample water utility companies.

**Q46. WHY?**

A46. Smaller companies are more risky than larger companies. In Chapter 7 of Morningstar's *Ibbotson SBBI 2009 Valuation Yearbook*, for example, Ibbotson reports that when betas are properly estimated, betas are larger for small companies than for larger companies. As I will explain later, Ibbotson also finds that even after accounting for differences in beta risk, small firms require an additional risk premium over and above the added risk premium indicated by differences in beta risk.

**Q47. PLEASE EXPLAIN THE MARKET RISK PREMIUM?**

A47. The market-risk premium ($R_m$-$R_f$) is the return an investor expects to receive as compensation for market risk. It is the expected market return minus the risk-free rate. Approaches for estimating the market risk premium can be historical or prospective.

Since expected returns are not directly observable, historical realized returns are often used as a proxy for expected returns on the basis that the historical market risk premium follows what is known in statistics as a "random walk." If the historical risk premium does follow the random walk, then one should expect the risk premium to remain at its historical mean. Based on this argument, the best estimate of the future market risk premium is the historical mean. Morningstar's

*SBBI Valuation Edition 2009 Yearbook* provides historical market returns for various asset classes from 1926 to 2008. This publication also provides market risk premiums over U.S. Treasury bonds, which make it an excellent source for historical market risk premiums.

Prospective market risk premium estimation approaches necessarily require examining the returns expected from common equities and bonds. One method employs applying the DCF model to a representative market index such as the Value Line 1700 stocks (the *Value Line* Composite Index). The expected return from the DCF is measured for a number of periods of time, and then subtracted from the prevailing risk-free rate for each period to arrive at market risk premium for each period. The market risk premium subsequently employed in the CAPM is the average market risk premium of the overall period.

**Q48. HOW MANY MARKET RISK PREMIUM ESTIMATES DID YOU PREPARE IN CONNECTION WITH YOUR ASSIGNMENT FOR LQSWC?**

A48. I prepared two market risk premium estimates: An historical market risk premium and a current market risk premium.

**Q49. HOW DID YOU ESTIMATE THE HISTORICAL MARKET RISK PREMIUM?**

A49. I used the Morningstar's *Ibbotson SBBI 2009 Valuation Yearbook* measure of the average premium of the market over long-term treasury securities from 1926 through 2008. The average historical market risk premium over long-term treasury securities is 6.5 percent.

***Q50. HOW DID YOU ESTIMATE THE CURRENT MARKET RISK PREMIUM?***

A50. I derived a market risk premium by, first, using the DCF model to compute an expected market return for each of the past 12 months using *Value Line's* projections of the average dividend yield and average price appreciation (growth)

on the *Value Line* 1700 Composite Index. I then subtracted the average 30-year Treasury yield for each month from the expected market returns to arrive at the expected market risk premiums. Finally, I averaged the computed market risk premiums to determine the current market risk premium. The data and computations are shown on Schedule D-4.11. The average current market risk premium is 13.28 percent. The current market risk premium is not surprising given the financial markets and economic conditions of the past couple of years and the continued uncertainty expected in the capital markets in the future.

**Q51. HAS THE COMMISSION STAFF EMPLOYED A CURRENT MARKET RISK PREMIUM IN THE PAST?**

A51. Yes. However, Staff's estimation of the current market risk premium is somewhat different. Staff uses a DCF model to compute the current market risk premium as I do. However, Staff uses the median annualized projected 3-5 year price appreciation on the *Value Line* 1700 stocks in conjunction with the median dividend yield on the *Value Line* 1700 stocks on a specific date.

**Q52. WHAT DO YOU ADOPT AS THE RETURN FOR THE RISK-FREE RATE?**

A52. I use long-term Treasury bond rates as the measure of the risk-free return for both CAPM and cost of equity estimates. Morningstar's *Ibbotson SBBI 2009 Valuation Yearbook* explains on page 47 that the appropriate choice for the risk-free rate is a return that is no less than the expected return for long-term Treasury securities. Thus, when determining an estimate of the risk-free rate, it is appropriate to adopt a return that is no less than the expected return on the long-term Treasury bond rate. Both of my CAPM estimates are based on a projected estimate of the long-term treasury rates for 2011-2012 of 5.2% as shown on Schedule D-4.10. The 2011-2012 timeframe is the period when new rates will be put in place for LQSWC.

## E. Financial Risk Adjustment

**Q53. PLEASE EXPLAIN YOUR FINANCIAL RISK ADJUSTMENT TO REFLECT LQSWC'S LOWER LEVEL OF DEBT IN ITS CAPITAL STRUCTURE AS COMPARED TO THE SAMPLE WATER UTILITIES?**

A53. My financial risk estimation is based upon the methodology developed by Professor Hamada of the University of Chicago, which incorporates the beta of a levered firm to that of its unlevered counterpart. The equation is

$$\beta_L = \beta_U[1 + (1 - T)\varphi]$$

where $\beta_L$ and $\beta_U$ are the levered and unlevered betas, respectively, T is the tax rate, and $\varphi$ the leverage, defined as the ratio of debt and equity of the firm. In simple terms, I unlever the average beta of the six publicly traded water utilities in my sample using a ratio of the market value of debt and the market value of equity. While I can compute the market value of equity of the sample water utilities based on the current number of shares outstanding and the current stock price, estimating the market value of debt is much more difficult. For purposes of my analysis, I assume the market value of debt is the book value. This is a reasonable assumption and is conservative. Once the unlevered beta is determined, I relever the beta using the capital structure of LQSWC. For the market value of equity I multiplied LQSWC's book value of equity times the average market-to-book ratio of the sample water utilities. For LQSWC's debt, I assume the market value of debt is equal to the book value.

The relevered beta is then used in my CAPM models, and the new CAPM results are compared to my original CAPM results. The computed difference is the basis of my financial risk adjustment. My computation of the financial risk adjustment can be found in tables D-4.13, D-4.14, and D-4.15.

**Q54. WHAT IS THE COMPUTED FINANCIAL RISK ADJUSTMENT?**

A54. A upward adjustment of 230 basis points.

**Q55. DO YOU HAVE ANY CONCERNS ABOUT THE HAMADA METHOD?**

A55. Yes. In order to use this method, I have made the assumption that the average beta of the sample water utilities is the beta for LQSWC. Since LQSWC is a much smaller firm than the sample water utilities, I would expect the beta to be higher. Consequently, the financial risk adjustment is likely understated.

**F. <u>Company Specific Risk Premium</u>**

**Q56. PLEASE DISCUSS YOUR COMPANY SPECIFIC RISK PREMIUM.**

A56. As I testified earlier, LQSWC is not directly comparable to the sample water utilities because of its small size and the regulatory environment in Arizona. The characteristics such as small size, lack of diversification, limited revenue and cash flow, small customer base, lack of liquidity, as well as the magnitudes of regulatory and construction risk are common to smaller water utilities regardless of the regulatory jurisdiction. These characteristics and magnitudes of risk are unique only in the sense that the large publicly traded water utilities (including the companies in the proxy group) do not possess these same characteristics and magnitudes of risk. With respect to Arizona regulation, the use of historical test year with limited out of period adjustments and the lack of adjuster mechanism increases the risk to LQSWC.

**Q57. PLEASE DISCUSS SIZE RISK FOR SMALL UTILITY COMPANIES.**

A57. Investment risk increases as the firm size decreases, all else remaining constant. There is a great deal of empirical evidence that the firm size phenomenon exists. Morningstar's *Ibbotson SBBI 2009 Valuation Yearbook* (Chapter 7) reports that smaller companies have experienced higher returns that are not fully explainable by their higher betas and that beta is inversely related to company size. In other

words, smaller companies not only have higher betas but higher returns than larger ones. Even after accounting for differences in beta risk, small companies require an additional risk premium over and above the added risk premium indicated by differences in beta risk. Dr. Zepp also reported evidence that the stocks of small water utilities, like LQSWC, are more risky than the stocks of larger water utilities, such as those in the water utilities sample.[10] Even the California PUC conducted a study that showed smaller water utilities are more risky than larger ones.[11] Based on this evidence, it is clear that investors require higher returns on small company stocks than on large company stocks.

I have included in Schedule D-4.16 the results of an *Ibbotson* study using annual data reporting the size premium based upon firm size and return data provided in Morningstar *Ibbotson SBBI 2009 Valuation Yearbook* and information contained in a published work by Dr. Thomas M. Zepp. I have estimated that a small company risk premium in the range of 99 to 181 basis points is appropriate.

**Q58. WHAT COMPANY SPECIFIC RISK PREMIUM DO YOU RECOMMEND FOR LQSWC?**

A58. To be conservative, I conclude that a company specific risk premium of no less than 100 basis points is warranted for LQSWC to account for its smaller size and degree of regulatory risk.

**G. <u>Summary and Conclusions</u>**

**Q59. HAVE YOU PREPARED A SCHEDULE WHICH SUMMARIZES YOUR EQUITY COST ESTIMATES AND PRESENTS YOUR RECOMMENDATIONS?**

[10] Thomas M. Zepp, "Utility Stocks and the Size Effect – Revisited", The Quarterly Review Economics and Finance, Vol. 43, Issue 3, Autumn 2003, 578-582.

[11] Staff Report on Issues Related to Small Water Utilities, June 10, 1991 and CPUC Decision 92-03-093.

A59. Yes. The equity cost estimates and my recommendations are summarized in Schedule D-4.1.

In the first part of my analysis, I applied two versions of the constant growth DCF model. One uses analyst estimates of growth and the other uses historical growth and analyst expectations. *See* Schedules D-4.8. The DCF models produce an indicated equity cost in the range of 11.1 percent to 12.6 percent, with a midpoint of 11.9 percent.

In the second part of my analysis, I applied two versions of the CAPM – a historical risk premium CAPM and a current market risk premium CAPM. The CAPM analyses appear in Schedule D-4.12 and produce an indicated cost of equity in the range of 10.4 percent to 15.8 percent, with a midpoint of 13.1 percent.

In the third part of my analysis, I compute a financial risk adjustment to account for the lower level of debt in LQSWC's capital structure compared to the sample water utilities. My recommendation is that an upward financial risk adjustment of no more than 230 basis points be applied to LQSWC's cost of equity. My financial risk adjustment analysis is shown in schedules D-4.13, D-4.14, and D-4..

In the fourth part of my analysis, I reviewed the financial literature on the small firm size effect and determined that an appropriate small company size premium for small utilities like LQSWC is in the range of 99 to 181 basis points. See Schedule D-4.16. I also considered the risks for LQSWC from Arizona regulation. My recommendation is that an upward adjustment for company specific risk of no less than 100 basis points be applied to LQSWC's cost of equity.

The range of results of both my DCF and CAPM analyses and other risk adjustments is 14.7 percent to 18.1 percent, with a mid-point of 16.4 percent. See Schedule D-4.1.

**Q60. WHAT EQUITY RETURN DO YOU RECOMMEND?**

A60. My recommended return on equity based on LQSWC's capital structure is 16.0. It is well below the mid-point of the range of my over-all results and reflects the application of my expertise and informed judgment to reach a recommendation that I felt I could defend in this proceeding.

**Q61. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY ON COST OF CAPITAL?**

A61. Yes.

# Las Quintas Serenas Water Company

**Application for a Determination of the Fair Value of Its Utility Plants and Property and for Increases in Its Water Rates and Charges**

**December 31, 2009**

# Schedules D

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Summary of Cost of Capital

Exhibit
Schedule D-1
Page 1
Witness: Bourassa

| Line No. | Item of Capital | End of Test Year Dollar Amount | Percent of Total | (e) Cost Rate | Weighted Cost | End of Projected Year Dollar Amount | Percent of Total | (e) Cost Rate | Weighted Cost |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Long-Term Debt | 1,723,869 | 74.15% | 6.60% | 4.89% | $ 1,666,509 | 59.70% | 6.60% | 3.94% |
| 2 | | | | | | | | | |
| 3 | Stockholder's Equity[1] | 601,011 | 25.85% | 16.00% | 4.14% | 1,125,071 | 40.30% | 16.00% | 6.45% |
| 4 | | | | | | | | | |
| 5 | Totals | $ 2,324,880 | 100.00% | | 9.03% | $ 2,791,580 | 100.00% | | 10.39% |
| 6 | | | | | | | | | |
| 7 | | | | | | | | | |
| 8 | [1] Adjustments to equity | | | | | | | | |
| 9 | Acumm. depreciation adjustment | | $ (59,205) | | | | | | |
| 10 | CIAC adjustment | | $ (109,250) | | | | | | |
| 11 | | | | | | | | | |
| 12 | | | | | | | | | |
| 13 | | | | | | | | | |
| 14 | | | | | | | | | |
| 15 | | | | | | | | | |
| 16 | SUPPORTING SCHEDULES: | | | | | | | | |
| 17 | D-2 | | | | | | | | |
| 18 | D-3 | | | | | | | | |
| 19 | D-4 | | | | | | | | |
| 20 | E-1 | | | | | | | | |
| 21 | | | | | | | | | |
| 22 | | | | | | | | | |
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| 31 | | | | | | | | | |
| 32 | | | | | | | | | |
| 33 | | | | | | | | | |

RECAP SCHEDULES:
A-3

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Cost of Long Term Debt

Exhibit
Schedule D-2
Page 1
Witness: Bourassa

| Line No. | Description of Debt | End of Test Year Amount Outstanding[1] | Annual Interest | Interest Rate | Weighted Cost | End of Projected Year Amount Outstanding | Annual Interest | Interest Rate | Weighted Cost |
|---|---|---|---|---|---|---|---|---|---|
| 1 | WIFA Loan | 1,723,869 | 113,775 | 6.60% | 6.60% | 1,666,509 | 109,990 | 6.60% | 6.60% |
| 2 | | | - | 0.00% | 0.00% | - | - | 0.00% | 0.00% |
| 3 | | | - | 0.00% | 0.00% | - | - | 0.00% | 0.00% |
| 4 | | | - | 0.00% | 0.00% | - | - | 0.00% | 0.00% |
| 5 | | | - | 0.00% | 0.00% | - | - | 0.00% | 0.00% |
| 6 | | | - | 0.00% | 0.00% | - | - | 0.00% | 0.00% |
| 7 | | | - | 0.00% | 0.00% | - | - | 0.00% | 0.00% |
| 8 | | | - | 0.00% | 0.00% | - | - | 0.00% | 0.00% |
| 9 | | | - | 0.00% | 0.00% | - | - | 0.00% | 0.00% |
| 10 | | | - | 0.00% | 0.00% | - | - | 0.00% | 0.00% |
| 11 | | | - | 0.00% | 0.00% | - | - | 0.00% | 0.00% |
| 12 | | | | | | | | | |
| 13 | Totals | $ 1,723,869 | $ 113,775 | | 6.60% | $ 1,666,509 | 109,990 | | 6.60% |
| 14 | | | | | | | | | |
| 15 | *SUPPORTING SCHEDULES:* | | | | | | | | |
| 16 | E-1 | | | | | | | | |
| 17 | | | | | | | | | |
| 18 | [1] Includes long-term debt plus long-term debt - current portion on E-1 | | | | | | | | |
| 19 | | | | | | | | | |
| 20 | | | | | | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Cost of Preferred Stock

Exhibit
Schedule D-3
Page 1
Witness: Bourassa

| Line No. | Description of Issue | End of Test Year Shares Outstanding | Amount | Dividend Requirement | End of Projected Year Shares Outstanding | Amount | Dividend Requirement |
|---|---|---|---|---|---|---|---|
| 1 | | | | | | | |
| 2 | | | | | | | |
| 3 | NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | | | | | | | |
| 11 | | | | | | | |
| 12 | | | | | | | |
| 13 | | | | | | | |
| 14 | | | | | | | |
| 15 | | | | | | | |
| 16 | | | | | | | |
| 17 | SUPPORTING SCHEDULES: | | | RECAP SCHEDULES: | | | |
| 18 | E-1 | | | D-1 | | | |
| 19 | | | | | | | |
| 20 | | | | | | | |

**Las Quintas Serenas Water Company**
Test Year Ended June 30, 2009
Cost of Common Equity

Exhibit
Schedule D-4
Page 1
Witness: Bourassa

| Line No. | | |
|---|---|---|
| 1 | | |
| 2 | The Company is proposing a cost of common equity of | 16.00% . |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |
| 11 | | |
| 12 | | |
| 13 | | |
| 14 | | |
| 15 | | |
| 16 | | |
| 17 | SUPPORTING SCHEDULES: | RECAP SCHEDULES: |
| 18 | E-1 | D-1 |
| 19 | | |
| 20 | | |

**Las Quintas Serenas Water Company**
**Summary of Results**

**Exhibit**
**Schedule D-4.1**
Page 1

| Line No. | Method | Low | High | Midpoint |
|---|---|---|---|---|
| 6 | Range DCF Constant Growth Estimates[1] | 11.1% | 12.6% | 11.9% |
| 8 | Range of CAPM Estimates[2] | 10.4% | 15.8% | 13.1% |
| 11 | Average of DCF and CAPM midpoint estimates | 10.8% | 14.2% | 12.5% |
| 14 | Financial Risk Adjustment[3] | 2.9% | 2.9% | 2.9% |
| 16 | Small Company Risk Premium[4] | 1.0% | 1.0% | 1.0% |
| 18 | Indicated Cost of Equity | 14.7% | 18.1% | 16.4% |
| 22 | Recommended Cost of Equity | | | 16.0% |

[1] See Schedule D-4-8
[2] See Schedule D-4.12
[3] See Schedule D-4.17
[4] See testimony.

**Las Quintas Serenas Water Company**
**Selected Characteristics of Sample Group of Water Utilities**

**Exhibit**
**Schedule D-4.2**

| Line No. | Company[1] | % Water Revenues | Operating Revenues (millions) | Net Plant (millions) | S&P Bond Rating | Moody's Bond Rating |
|---|---|---|---|---|---|---|
| 1 | American States | 76% | $ 342.6 | $ 744.9 | A | A2 |
| 2 | Aqua America | 93% | $ 658.8 | $ 3,479.8 | AA- | NR |
| 3 | *California Water* | 98% | $ 435.1 | $ 1,026.3 | AA- | NR |
| 4 | Connecticut Water | 93% | $ 66.2 | $ 260.3 | AAA | NR |
| 5 | Middlesex | 89% | $ 90.8 | $ 327.0 | A | NR |
| 6 | SJW Corp. | 95% | $ 217.3 | $ 509.5 | NR | NR |
| 7 | | | | | | |
| 8 | Average | 91% | $ 301.8 | $ 1,058.0 | | |
| 9 | | | | | | |
| 10 | Las Quintas Serenas Water Company (adjusted as of June 30, 2009) | 100% | $ 0.5 | $ 2.8 | NR | NR |

[1]AUS Utility Reports (November 2009).

**Las Quintas Serenas Water Company**
**Capital Structures**

**Exhibit**
**Schedule D-4.3**

| No. | | Book Value[1] | | Market Value[1] | |
|---|---|---|---|---|---|
| | | Long-Term Debt | Common Equity | Long-Term Debt | Common Equity |
| | Company | | | | |
| 1. | American States | 46.2% | 53.8% | 32.5% | 67.5% |
| 2. | Aqua America | 54.1% | 45.9% | 36.7% | 63.3% |
| 3. | California Water | 41.7% | 58.3% | 28.0% | 72.0% |
| 4. | Connecticut Water | 47.0% | 53.0% | 32.2% | 67.8% |
| 5. | Middlesex | 46.2% | 53.8% | 35.7% | 64.3% |
| 6. | SJW Corp. | 46.0% | 54.0% | 34.9% | 65.1% |
| | Average | 46.9% | 53.1% | 33.3% | 66.7% |
| | Las Quintas Serenas Water Company (as of June 30, 2009) | 74.1% | 25.9% | N/A | N/A |

[1] Value Line Analyzer Data (November 20, 2009)

*Las Quintas Serenas Water Company*
**Comparisons of Past and Future Estimates of Growth**

**Exhibit**
**Schedule D-4.4**

| Line No. | | [1] | [2] | [3] | [4] | [5] | [6] | [7] |
|---|---|---|---|---|---|---|---|---|
| | | | **Five-year historical average annual changes** | | | | | Average of Future and Historical Growth |
| | Company | Price[1] | Book Value[2] | EPS[2] | DPS[2] | Average Col 1-4 | Average Future Growth[3] | Col 5-6 |
| | 1. American States | 7.34% | 4.87% | 15.71% | 2.90% | 7.71% | 6.13% | 6.92% |
| | 2. Aqua America | 4.58% | 7.27% | 5.21% | 8.29% | 6.34% | 8.78% | 7.56% |
| | 3. California Water | 11.74% | 5.67% | 12.22% | 0.88% | 7.63% | 7.33% | 7.48% |
| | 4. Connecticut Water | 0.19% | 3.07% | 0.45% | 1.18% | 1.22% | 11.00% | 6.11% |
| | 5. Middlesex | Negative | 5.76% | 8.16% | 1.51% | 5.14% | 8.00% | 6.57% |
| | 6. SJW Corp. | 12.50% | 8.16% | 4.37% | 6.02% | 7.76% | 11.67% | 9.71% |
| | GROUP AVERAGE | 7.27% | 5.80% | 7.69% | 3.46% | 5.97% | 8.82% | 7.39% |
| | GROUP MEDIAN | 7.34% | 5.72% | 6.69% | 2.20% | 6.98% | 8.39% | 7.20% |

[1] Average of changes in year-end stock prices ending in 2008. Data from Yahoo Finance website.
[2] Data derived from Value Line Investment Survey and/or 10K Reports for period 2004 to 2008.
[3] See Schedule D-4.6.

**Las Quintas Serenas Water Company**
**Comparisons of Past and Future Estimates of Growth**

**Exhibit**
**Schedule D-4.5**

| Line No. | | [1] | [2] | [3] | [4] | [5] | [6] | [7] |
|---|---|---|---|---|---|---|---|---|
| | | | **Ten-year historical average annual changes** | | | | | Average of Future and Historical |
| | Company | Price[1] | Book Value[2] | EPS[2] | DPS[2] | Average Col 1-4 | Average Future Growth[3] | Growth Col 5-6 |
| 1. | American States | 8.16% | 4.34% | 5.93% | 1.80% | 5.06% | 6.13% | 5.59% |
| 2. | Aqua America | 6.43% | 8.40% | 6.29% | 7.22% | 7.08% | 8.78% | 7.93% |
| 3. | California Water | 7.01% | 3.54% | 5.38% | 0.90% | 4.21% | 7.33% | 5.77% |
| 4. | Connecticut Water | 4.94% | 3.53% | 1.45% | 1.22% | 2.78% | 11.00% | 6.89% |
| 5. | Middlesex | 6.17% | 3.98% | 3.85% | 1.91% | 3.98% | 8.00% | 5.99% |
| 6. | SJW Corp. | 9.46% | 5.29% | 5.40% | 5.63% | 6.44% | 11.67% | 9.05% |
| | GROUP AVERAGE | 7.03% | 4.85% | 4.72% | 3.11% | 4.93% | 8.82% | 6.87% |
| | GROUP MEDIAN | 6.72% | 4.16% | 5.39% | 1.86% | 4.63% | 8.39% | 6.44% |

[1] Average of changes in year-end stock prices ending in 2008. Data from Yahoo Finance website.

[2] Data derived from Value Line Investment Survey and/or 10K Reports for period 1999 to 2008.

[3] See Schedule D-4.6.

**Las Quintas Serenas Water Company**
**Analysts Forecasts of Earnings Per Share Growth**

**Exhibit**
**Schedule D-4.6**

| Line No. | | [1] | [2] | [3] | [4] | [5] |
|---|---|---|---|---|---|---|
| | | ESTIMATES OF EARNINGS GROWTH | | | | Average |
| | Company | Zacks[1] | Morningstar[1] | Yahoo[1] | Value Line[1] | Growth (G) (Cols 1-4)[2] |
| 1 | American States | 4.00% | 7.00% | 4.00% | 9.50% | 6.13% |
| 2 | Aqua America | 8.00% | 8.80% | 8.33% | 10.00% | 8.78% |
| 3 | California Water | 7.00% | 7.30% | 6.00% | 9.00% | 7.33% |
| 4 | Connecticut Water | 9.00% | | 15.00% | 9.00% | 11.00% |
| 5 | Middlesex | 9.00% | 8.00% | 8.00% | 7.00% | 8.00% |
| 6 | SJW Corp. | | 15.00% | 10.00% | 10.00% | 11.67% |
| 15 | GROUP AVERAGE | | | | | 8.82% |
| 16 | GROUP MEDIAN | | | | | 8.39% |

[1] Data as of November 20, 2009

[2] Where no data available, average of other utilities assumed to estimate for utility.

**Las Quintas Serenas Water Company**
**Current Dividend Yields for Water Utility Sample Group**

**Exhibit**
**Schedule D-4.7**

| Line No. | Company | Curent Stock Price ($P_0$)[1] | Current Dividend ($D_0$)[1] | Current Dividend Yield ($D_0/P_0$)[1] | Average Annual Dividend Yield ($D_0/P_0$)[1,2] |
|---|---|---|---|---|---|
| 1 | 1. American States | $ 31.94 | $ 1.00 | 3.13% | 2.86% |
| 2 | 2. Aqua America | $ 15.88 | $ 0.51 | 3.21% | 2.80% |
| 3 | 3. California Water | $ 35.78 | $ 1.17 | 3.27% | 3.12% |
| 4 | 4. Connecticut Water | $ 22.80 | $ 0.88 | 3.86% | 3.58% |
| 5 | 5. Middlesex | $ 15.91 | $ 0.70 | 4.40% | 3.99% |
| 6 | 6. SJW Corp. | $ 22.18 | $ 0.65 | 2.93% | 2.27% |
| 7 | | | | | |
| 8 | Average | | | 3.47% | 3.10% |
| 9 | Median | | | 3.24% | 2.99% |

[1] Value Line Analyzer Data. Stock prices as of August 21, 2009.

[2] Average Annual Dividend is dividends declared per share for a year divided by the average annual price of the stock in the same year, expressed as a percentage. For comparison purposes only.

**Las Quintas Serenas Water Company**
**Discounted Cash Flow Analysis**
**DCF Constant Growth**

**Exhibit**
**Schedule D-4.8**

| Line No. | | [1] Average Spot Dividend Yield ($D_0/P_0$)[1] | [2] Expected Dividend Yield ($D_1/P_0$)[2] | [3] Growth (g) | | [4] Indicated Cost of Equity k=Div Yld + g (Cols 2+3) |
|---|---|---|---|---|---|---|
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | DCF - Past and Future Growth | 3.47% | 3.72% | 7.39% | [3] | 11.1% |
| 9 | | | | | | |
| 10 | DCF - Future Growth | 3.47% | 3.77% | 8.82% | [4] | 12.6% |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | 11.9% |
| 14 | | | | | | |
| 15 | | | | | | |
| 16 | | | | | | |
| 17 | | | | | | |
| 18 | | | | | | |
| 19 | [1] Spot Dividend Yield = $D_0/P_0$. See Schedule D-4.7. | | | | | |
| 20 | [2] Expected Dividend Yield = $D_1/P_0 = D_0/P_0 * (1+g)$. | | | | | |
| 21 | [3] Growth rate (g). Average of Past and Future Growth. See Schedule D-4.4, column 7 | | | | | |
| 22 | [3] Growth rate (g). Average of Analyst Estimates Future Growth. See Schedule D-4.6. | | | | | |
| 23 | | | | | | |
| 24 | | | | | | |
| 25 | | | | | | |
| 26 | | | | | | |
| 27 | | | | | | |
| 28 | | | | | | |

**Las Quintas Serenas Water Company**
**Market Betas**

**Exhibit**
**Schedule D-4.9**

| Line No. | Company | Beta (β)[1] |
|---|---|---|
| 1 | 1. American States | 0.80 |
| 2 | 2. Aqua America | 0.65 |
| 3 | 3. California Water | 0.75 |
| 4 | 4. Connecticut Water | 0.85 |
| 5 | 5. Middlesex | 0.80 |
| 6 | 6. SJW Corp. | 0.95 |
| 7 | | |
| 8 | Average | **0.80** |

[1] Value Line Investment Analyzer data (November 20, 2009)

Note: Beta is a relative measure of the historical sensitivity of a stock's price to overall fluctuations in the New York Stock Exchange Composite Index. A Beta of 1.50 indicates a stock tends to rise (or fall) 50% more than the New York Stock Exchange Composite Index. The "Beta coefficient" is derived from a regression analysis of the relationship between weekly percent-age changes in the price of a stock and weekly percentage changes in the NYSE Index over a period of five years. In the case of shorter price histories, a smaller time period is used, but two years is the minimum. The Betas are adjusted for their long-term tendency to converge toward 1.00.

**Las Quintas Serenas Water Company**
***Forecasts of Long-Term Interest Rates***
**2011-2012**

**Exhibit**
**Schedule D-4.10**

| Line No. | Description | 2011 | 2012 | Average |
|---|---|---|---|---|
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | Blue Chip Consensus Forecasts[1] | 5.1% | 5.5% | 5.3% |
| 7 | | | | |
| 8 | Value Line[2] | 5.0% | 5.1% | 5.1% |
| 9 | | | | |
| 10 | Average | | | 5.2% |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |

15 [1] December 2009 Blue Chip Financial Forecasts consensus forecast of 30 Year U.S.Treasury
16 [2] Value Line Quarterly forecast, dated November 27, 2009 Long-Term U.S Treasury
17
18
19
20
21
22
23
24

Las Quintas Serenas Water Company
Computation of Current Market Risk Premium

*Exhibit*
Schedule D-4.11

| Line No. | Month | Dividend Yield ($D_0/P_0$)[1] | Expected Dividend Yield ($D_1/P_0$)[2] | + | Growth (g)[3] | = | Expected Market Return (k) | - | Monthly Average 30 Year Treasury Rate[4] | = | Market Risk Premium (MRP) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 4 | Aug 2006 | 2.20% | 2.20% | + | 11.69% | = | 13.89% | - | 5.00% | = | 8.89% |
| 5 | Sept | 2.20% | 2.20% | + | 11.34% | = | 13.54% | - | 4.85% | = | 8.69% |
| 6 | Oct | 2.15% | 2.15% | + | 9.75% | = | 11.90% | - | 4.85% | = | 7.05% |
| 7 | Nov | 2.10% | 2.10% | + | 9.72% | = | 11.82% | - | 4.69% | = | 7.13% |
| 8 | Dec 2006 | 2.09% | 2.09% | + | 9.41% | = | 11.50% | - | 4.68% | = | 6.82% |
| 9 | Jan 2007 | 2.05% | 2.05% | + | 9.57% | = | 11.62% | - | 4.85% | = | 6.77% |
| 10 | Feb | 2.10% | 2.10% | + | 10.47% | = | 12.57% | - | 4.82% | = | 7.75% |
| 11 | March | 2.10% | 2.10% | + | 10.07% | = | 12.17% | - | 4.72% | = | 7.45% |
| 12 | April | 2.09% | 2.09% | + | 9.29% | = | 11.38% | - | 4.87% | = | 6.51% |
| 13 | May | 2.08% | 2.08% | + | 9.15% | = | 11.23% | - | 4.90% | = | 6.33% |
| 14 | Jun | 2.17% | 2.17% | + | 9.71% | = | 11.88% | - | 5.20% | = | 6.68% |
| 15 | Jul | 2.27% | 2.27% | + | 10.91% | = | 13.18% | - | 5.11% | = | 8.07% |
| 16 | Aug | 2.37% | 2.37% | + | 11.92% | = | 14.29% | - | 4.93% | = | 9.36% |
| 17 | Sept | 2.31% | 2.31% | + | 11.16% | = | 13.47% | - | 4.79% | = | 8.68% |
| 18 | Oct | 2.45% | 2.45% | + | 11.90% | = | 14.35% | - | 4.77% | = | 9.58% |
| 19 | Nov | 2.60% | 2.60% | + | 13.41% | = | 16.01% | - | 4.52% | = | 11.49% |
| 4 | Dec 2007 | 2.61% | 2.61% | + | 13.51% | = | 16.12% | - | 4.52% | = | 11.60% |
| 5 | Jan 2008 | 2.67% | 2.67% | + | 15.19% | = | 17.86% | - | 4.33% | = | 13.53% |
| 4 | Feb | 2.74% | 3.19% | + | 16.47% | = | 19.66% | - | 4.52% | = | 15.14% |
| 5 | Mar | 2.85% | 3.35% | + | 17.64% | = | 20.99% | - | 4.39% | = | 16.60% |
| 6 | April | 2.69% | 3.11% | + | 15.73% | = | 18.84% | - | 4.44% | = | 14.40% |
| 7 | May | 2.73% | 3.15% | + | 15.51% | = | 18.66% | - | 4.60% | = | 14.06% |
| 8 | Jun | 3.13% | 3.71% | + | 18.51% | = | 22.22% | - | 4.69% | = | 17.53% |
| 9 | Jul | 3.15% | 3.74% | + | 18.61% | = | 22.35% | - | 4.57% | = | 17.78% |
| 10 | Aug | 3.06% | 3.59% | + | 17.08% | = | 20.67% | - | 4.50% | = | 16.17% |
| 11 | Sept | 3.07% | 3.66% | + | 19.30% | = | 22.96% | - | 4.27% | = | 18.69% |
| 12 | Oct | 4.31% | 5.63% | + | 30.53% | = | 36.16% | - | 4.17% | = | 31.99% |
| 13 | Nov | 4.97% | 6.71% | + | 35.02% | = | 41.73% | - | 4.00% | = | 37.73% |
| 14 | Dec 2008 | 4.44% | 5.76% | + | 29.62% | = | 35.38% | - | 2.87% | = | 32.51% |
| 15 | Jan 2009 | 4.86% | 6.32% | + | 30.02% | = | 36.34% | - | 3.13% | = | 33.21% |
| 16 | Feb | 5.50% | 7.43% | + | 35.13% | = | 42.56% | - | 3.59% | = | 38.97% |
| 17 | Mar | 4.21% | 5.36% | + | 27.33% | = | 32.69% | - | 3.64% | = | 29.05% |
| 18 | April | 3.66% | 4.47% | + | 22.05% | = | 26.52% | - | 3.76% | = | 22.76% |
| 19 | May | 3.46% | 4.14% | + | 19.67% | = | 23.81% | - | 4.23% | = | 19.58% |
| 20 | Jun | 3.25% | 3.87% | + | 19.16% | = | 23.03% | - | 4.52% | = | 18.51% |
| 21 | Jul | 2.90% | 3.37% | + | 16.31% | = | 19.68% | - | 4.41% | = | 15.27% |
| 22 | Aug | 2.82% | 3.22% | + | 14.21% | = | 17.43% | - | 4.37% | = | 13.06% |
| 23 | Sept | 2.80% | 3.20% | + | 14.32% | = | 17.52% | - | 4.19% | = | 13.33% |
| 24 | Oct | 2.75% | 3.15% | + | 14.49% | = | 17.64% | - | 4.19% | = | 13.45% |
| 25 | | | | | | | | | | | |
| 26 | | | | | | | | | | | |
| 27 | Short-term Trends | | | | | | | | | | |
| 28 | Recent Twelve Months Avg | 3.80% | 4.75% | + | 23.11% | = | 27.86% | - | 3.91% | = | 23.95% |
| 29 | Recent Nine Months Avg | 3.48% | 4.25% | + | 20.30% | = | 24.54% | - | 4.10% | = | 20.44% |
| 30 | Recent Six Months Avg | 3.00% | 3.49% | + | 16.36% | = | 19.85% | - | 4.32% | = | 15.53% |
| 31 | Recent Three Months Avg | 2.79% | 3.19% | + | 14.34% | = | 17.53% | - | 4.25% | = | 13.28% |
| 32 | | | | | | | | | | | |
| 33 | Recommended | 2.79% | 3.19% | + | 14.34% | = | 17.53% | - | 4.25% | = | 13.28% |
| 34 | | | | | | | | | | | |
| 35 | | | | | | | | | | | |

36 [1] Average Current Dividend Yield ($D_0/P_0$) of dividend paying stocks. Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks

37 [2] Expected Dividend Yield ($D_1/P_0$) equals average current dividend yield (D0/P0) times one plus growth rate(g).

38 [3] Average 3-5 year price appreciation (annualized). Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks

39 [4] Montly average 30 year U.S. Treasury. Federal Reserve.

40

**Las Quintas Serenas Water Company**
**Capital Asset Pricing Model (CAPM)**

**Exhibit**
**Schedule D-4.12**

| Line No. | | Rf[1] | + | beta[3] | x | Rp | | = | k |
|---|---|---|---|---|---|---|---|---|---|
| 1 | | | | | | | | | |
| 2 | | | | | | | | | |
| 3 | Historical Market Risk Premium CAPM | 5.2% | + | 0.80 | x | 6.5% | [4] | = | 10.4% |
| 4 | | | | | | | | | |
| 5 | Current Market Risk Premium CAPM | 5.2% | + | 0.80 | x | 13.3% | [5] | = | 15.8% |
| 6 | | | | | | | | | |
| 7 | Average | | | | | | | | 13.1% |

[1] Forecasts of long-term treasury yields. See Scehdule D-4.10.
[2] Value Line Investment Analyzer data. See Schedule D.4.9.
[3] Historical Market Risk Premium from (Rp) MorningStar SBBI 2009 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2008
[4] Computed using DCF constant growth method to determine current market return onValue Line 1700 stocks and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Schedule D-4.11.

**Las Quintas Serenas Water Company**
**Financial Risk Computation**

**Exhibit**
**Schedule D-4.13**

| Line No. | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | **CAPM** | | | | | | | | | | |
| 2 | | **Rf** | | + | $\beta$ | | x | **(Rp)** | | | **k** |
| 3 | Historical Market Risk Premium | 5.2% | [1] | + | 0.80 | [2] | x | 6.5% | [3] | = | 10.4% |
| 4 | Current Market Risk Premium | 5.2% | [1] | + | 0.80 | [2] | x | 13.3% | [4] | = | 15.8% |
| 5 | | | | | | | | | | | |
| 6 | Average | | | | | | | | | | 13.1% |
| 7 | | | | | | | | | | | |
| 8 | | | | | | | | | | | |
| 9 | **CAPM Relevered Beta** | | | | | | | | | | |
| 10 | | **Rf** | | + | $\beta$ | | x | **(Rp)** | | | **k** |
| 11 | Historical Market Risk Premium | 5.2% | [1] | + | 1.09 | [5] | x | 6.5% | [3] | = | 12.3% |
| 12 | Current Market Risk Premium | 5.2% | [1] | + | 1.09 | [5] | x | 13.3% | [4] | = | 19.7% |
| 13 | | | | | | | | | | | |
| 14 | Average | | | | | | | | | | 16.0% |
| 15 | | | | | | | | | | | |
| 16 | Financial Risk Adjustment | | | | | | | | | | **2.9%** |
| 17 | | | | | | | | | | | |
| 18 | | | | | | | | | | | |
| 19 | [1] *Forecast of long-term treasury yields.* See Table 15. | | | | | | | | | | |
| 20 | [2] Value Line Investment Analyzer data. See Table 13. | | | | | | | | | | |
| 21 | [3] Historical Market Risk Premium from (Rp) MorningStar SBBI 2009 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2008 | | | | | | | | | | |
| 22 | [4] Computed using DCF constant growth method to determine current market return on Value Line 1700 stocks | | | | | | | | | | |
| 23 | and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Table 14. | | | | | | | | | | |
| 24 | [5] Relevered bata found on Table 19. | | | | | | | | | | |
| 25 | | | | | | | | | | | |

**Las Quintas Serenas Water Company**
**Financial Risk Computation**
**Unlevered Beta**

**Exhibit**
**Schedule D-4.14**

| Line No. | | Company | VL Beta $\beta_L$ [1] | Raw Beta Raw $\beta_L$ [2] | Tax Rate t [3] | MV Debt D [4] | MV Equity E [4] | Unlevered Raw Beta $\beta_U$ [5] |
|---|---|---|---|---|---|---|---|---|
| 5 | 1. | American States | 0.80 | 0.70 | 37.8% | 32.5% | 67.5% | 0.54 |
| 6 | 2. | Aqua America | 0.65 | 0.48 | 39.7% | 36.7% | 63.3% | 0.36 |
| 7 | 3. | California Water | 0.75 | 0.63 | 37.7% | 28.0% | 72.0% | 0.51 |
| 8 | 4. | Connecticut Water | 0.85 | 0.78 | 27.2% | 32.2% | 67.8% | 0.58 |
| 9 | 5. | Middlesex | 0.80 | 0.70 | 33.2% | 35.7% | 64.3% | 0.51 |
| 10 | 6. | SJW Corp. | 0.95 | 0.93 | 38.1% | 34.9% | 65.1% | 0.70 |
| 13 | | Sample Water Utilities | 0.80 | 0.70 | 35.6% | 33.3% | 66.7% | 0.53 |

[1] Value Line Investment Analyzer data. See Table 13.
Value Line uses the historical data of the stock, but assumes that a security's beta moves toward the market average over time. The formula is as follows:
Adjusted beta = .33 + (.67) * Raw beta

[2] Raw Beta = (VL beta - .33)/(.67)

[3] Effective tax rates for year ended December 31, 2008.

[4] See Table 3.

[5] Raw $B_u$ = Raw $B_L$ / (1+ (1-t)*D/E)

**Las Quintas Serenas Water Company**
**Financial Risk Computation**
**Relevered Beta**

**Exhibit**
**Schedule D-4.15**

| Line No. | | Unlevered Raw Beta $\beta_U$[1] | MV Book Debt BD[2] | MV Equity Capital EC[2] | Tax Rate t[3] | Relevered Raw Beta $\beta_{RL}=\beta_U (1+(1-t)BD/EC))$ $\beta_{RL}$ | VL Adjusted Relevered Beta .33 + .67(Raw Beta) $\beta_{RL}$ |
|---|---|---|---|---|---|---|---|
| 1 | | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | Las Quintas Serenas Water Compa | 0.53 | 61.8% | 38.2% | 29.92% | 1.13 | 1.09 |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | | | | | | | |
| 11 | | | | | | | |
| 12 | | | | | | | |

13 [1] Unlevered Beta from Table 18.

14 [2] Capital Structure of Company (As of June 30, 2009)

| | | BV (in 1,000s) | | | MV (in 1,000s) | % |
|---|---|---|---|---|---|---|
| 15 | | | | | | |
| 16 | | | | | | |
| 17 | Long-term Debt | $ 1,724 | 1.00 | | $ 1,724 | 61.8% |
| 18 | Preferred Stock | - | 1.00 | | - | 0.0% |
| 19 | Common Stock | 601 | 1.77 | (a) | 1,067 | 38.2% |
| 20 | Total Capital | $ 2,325 | | | $ 2,790 | 100.0% |

21

22 (a) Current market-to-book ratio of sample water utilities. See work papers.

23

24 [3] Current Tax rate based on adjusted test year ending 2008 at proposed rates. See Schedule D-1.

25

26

**Las Quintas Serenas Water Company**
**Size Premium[1]**

**Exhibit**
**Schedule D-4.16**

| Line No. | | Beta(β) | Size Premium | Risk Premium for Small Water Utilities[7] |
|---|---|---|---|---|
| 6 | Mid-Cap Companies[2] | 1.12 | 0.90% | |
| 8 | Low-Cap Companies[3] | 1.25 | 1.56% | |
| 10 | Micro-Cap Companies[4] | 1.50 | 2.83% | |
| 12 | Decile 10[5] | 1.62 | 4.43% | 1.81% |

| Line No. | | Risk Premium for Small Water Utilities |
|---|---|---|
| 20 | Estimated Risk Premium for small water utilities[6] | 0.99% |

[1] Data from Table 7-11 of Morningstar. *Ibbotson SBBI 2009 Valuation Yearbook.*
[2] Mid-Cap companies includes companies with market capitalization between $1,850 million and $7,360 million.
[3] Low-Cap companies includes companies with market capitalization between $454 million and $1,849 million.
[4] Micro-Cap companies includes companies with market capitalization less than $453 million.
[5] Decile 10 includes companies with market capitalization between $1.6 million and $219 million.
[6] From Table 2, Thomas M. Zepp, "Utility Stocks and the Size Effect Revisited," *The Quarterly Review of Economics and Finance*, 43 (2003), 578-582.
[7] Computed as the weighted differences between the Decile 10 risk premium and the inidicated risk premiums for the sample water utlities as shown below. Excludes risk due to differences in beta.

| | | Market Cap. (Millions) | Class | Size Premium | Difference to Decile 10 | Weight | Weighted Size Premium |
|---|---|---|---|---|---|---|---|
| 1. | American States | $ 553 | Low-Cap | 1.56% | 2.87% | 0.1666667 | 0.48% |
| 2. | Aqua America | $ 2,150 | Mid-Cap | 0.90% | 3.53% | 0.1666667 | 0.59% |
| 3. | California Water | $ 741 | Low-Cap | 1.56% | 2.87% | 0.1666667 | 0.48% |
| 4. | Connecticut Water | $ 194 | Decile 10 | 4.43% | 0.00% | 0.1666667 | 0.00% |
| 5. | Middlesex | $ 213 | Decile 10 | 4.43% | 0.00% | 0.1666667 | 0.00% |
| 6. | SJW Corp. | $ 404 | Micro-Cap | 2.83% | 1.60% | 0.1666667 | 0.27% |
| | Weighted Size Premium for small companies | | | | | | 1.81% |

**Las Quintas Serenas Water Company**
**Discounted Cash Flow Analysis (Water)**
**Constant Growth DCF Model - Historical**
**Using 5 Year Historical Dividend Growth**

**Attachment 1**

| Line No. | | [1] | [2] | [3] | [4] | [5] |
|---|---|---|---|---|---|---|
| | Company | Current Dividend Yield ($D_0/P_0$)[1] | Expected Dividend Yield ($D_1/P_0$)[2] | Historical Div. Growth (g)[3] | Indicated Equity Cost k=Div Yld + G (Cols 2+3) | Indicated Equity Cost k=Div Yld + G (Cols 2+3) |
| | 1. American States | 3.13% | 3.22% | 2.90% | 6.1% | * |
| | 2. Aqua America | 3.21% | 3.48% | 8.29% | 11.8% | 11.8% |
| | 3. California Water | 3.27% | 3.30% | 0.88% | 4.2% | * |
| | 4. Connecticut Water | 3.86% | 3.91% | 1.18% | 5.1% | * |
| | 5. Middlesex | 4.40% | 4.47% | 1.51% | 6.0% | * |
| | 6. SJW Corp. | 2.93% | 3.11% | 6.02% | 9.1% | 9.1% |
| | GROUP AVERAGE | | | 3.5% | 7.0% | 10.4% |
| | GROUP MEDIAN | | | 3.6% | 6.0% | 10.4% |
| | Current Baa interest rate (November 20, 2009)[4] | | | | 6.3% | |
| | Blue Chip Forecast Baa Corporate Bond Interest Rate 2012 Top 10[5] | | | | 8.5% | |
| | Blue Chip Forecast Baa Corporate Bond Interest Rate 2012 Bottom 10[5] | | | | 6.7% | |
| | Blue Chip Forecast Baa Corporate Bond Interest Rate 2012 Consensus[5] | | | | 7.5% | |

* Indicated equity cost below current cost of debt (Baa) or negative growth.

[1] Spot Dividend Yield = $D_0/P_0$. See Table 9.
[2] Expected Dividend Yield = $D_1/P_0 = D_0/P_0 * (1+g)$.
[3] Growth rate (g). Value Line Analyzer Data (August 21, 2009)
[4] Federal Reserve. Baa investment grade bonds.
[5] Blue Chip Financial Forecast (December 2009)